

LEGISLATIVE AND OVERSIGHT ACTIVITIES DURING THE  
112TH CONGRESS BY THE SENATE COMMITTEE ON  
VETERANS' AFFAIRS

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DECEMBER 13 (Legislative day, December 11), 2013.—Ordered to be printed

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Mr. SANDERS, from the Committee on Veterans' Affairs,  
submitted the following

R E P O R T

Pursuant to paragraph 8 of rule XXVI of the Standing Rules of the Senate, the Committee on Veterans' Affairs (hereinafter, "Committee") submits its report on legislative and oversight activities during the 112th Congress.

I. HEARINGS AND MEETINGS

A. *First Session (2011)*

During the First Session of the 112th Congress, the Committee held 18 hearings, including three field hearings and five joint hearings. At those events, the Committee heard testimony from 81 witnesses.

One hearing (June 8) focused exclusively on legislation pending before the Committee. Testimony offered at this hearing covered 35 bills.

On June 29, six measures were reported out of Committee. The Committee held one meeting to report nominations.

Of primary focus for the Committee this session was veterans' transition and mental health care issues. To that end, the Committee held four hearings and one field hearing in order to better understand the growing needs of returning servicemembers and veterans as they transition back into civilian life. These hearings were held on April 13, May 18, May 25, July 27, and December 12 (a field hearing in Columbus, Ohio). Hearings related to mental health care were held on July 14 and November 30.

The Committee held five joint hearings with the House Committee on Veterans' Affairs in order to receive legislative presentations from Veterans Service Organizations. These hearings were held on March 1, March 8, March 16, March 30, and September 21.

The Committee held three field hearings during the First Session. These hearings were held on April 26 in Dayton, Ohio; December 12 in Quincy, Massachusetts; and December 12 in Columbus, Ohio. The field hearing in Dayton focused exclusively on improving patient safety and quality of care at the U.S. Department of Veterans Affairs (hereinafter, "VA") medical center. The remaining two hearings addressed issues surrounding claims backlog and employment challenges facing veterans.

*B. Second Session (2012)*

During the Second Session of the 112th Congress, the Committee held 17 hearings, including three field hearings and four joint hearings. At those events, the Committee heard testimony from 77 witnesses.

Two hearings (June 13 and June 27) focused exclusively on legislation pending before the Committee. Testimony offered at these hearings covered 47 bills.

On September 12, six measures were reported out of Committee. The Committee held two meetings to report nominations.

The Committee continued its focus on servicemembers' and veterans' transition and mental health care needs, holding an additional three hearings on April 4 (a field hearing in Tacoma, Washington), April 25, and May 23.

The Committee held five joint hearings with the House Committee on Veterans' Affairs in order to receive legislative presentations from Veterans Service Organizations. These hearings were held on February 28, March 7, March 21, March 22, and October 3.

The Committee held three field hearings during the Second Session. These hearings were held on April 4 in Tacoma, Washington; April 10 in Honolulu, Hawaii; and April 21 in Billings, Montana. The field hearing in Tacoma focused exclusively on transition. The remaining two hearings focused on the state of veterans' benefits and services in Hawaii and improving access to quality health care for rural veterans in Montana.

*C. List of Hearings and Meetings Held in the 112th Congress*

(1) Tuesday, March 1, 2011

Joint Hearing with the House of Representatives to hear the legislative presentation of Disabled American Veterans

(2) Wednesday, March 2, 2011

Hearing: The President's Budget

(3) Tuesday, March 8, 2011

Joint Hearing with the House of Representatives to hear the legislative presentation of Veterans of Foreign Wars

(4) Wednesday, March 16, 2011

Joint Hearing with the House of Representatives to receive the legislative presentation of AMVETS, Jewish War Veterans, Military Officers Association of America, Gold Star Wives, Blinded Veterans Association, Non Commissioned Officers Association, Iraq & Afghanistan Veterans of America, and the Fleet Reserve Association

(5) Wednesday, March 30, 2011

Joint Hearing with the House of Representatives to receive the legislative presentation of Air Force Sergeants Association, Military Order of the Purple Heart, Paralyzed Veterans of America, Na-

tional Association of State Directors of Veterans Affairs, Wounded Warrior Project, Vietnam Veterans of America, The Retired Enlisted Association, American Ex-Prisoners of War

(6) Wednesday, April 6, 2011

Hearing: Nominations of Brig. Gen. Allison Hickey to be Under Secretary for Benefits and Steve Muro to be Under Secretary for Memorial Affairs, U.S. Department of Veterans Affairs

(7) Wednesday, April 13, 2011

Hearing: Veterans Employment: Improving the Transition from the Battlefield to the Workplace

(8) Tuesday, April 26, 2011

Field hearing on improving patient safety and quality care at the Dayton (Ohio) VA Medical Center

(9) Wednesday, May 4, 2011

Meeting: The Committee met off the Senate Floor and voted on the nomination of Brig. Gen. Allison Hickey to be Under Secretary for Benefits and Steve Muro to be Under Secretary for Memorial Affairs, U.S. Department of Veterans Affairs. A hearing for both nominations was held on April 6, 2011; their nominations were reported favorably by the Committee on May 4, 2011; and they were confirmed by the Senate on May 26, 2011.

(10) Wednesday, May 18, 2011

Hearing: Seamless Transition—Improving VA/DOD Collaboration

(11) Wednesday, May 25, 2011

Hearing: Seamless Transition—Meeting the Needs of Servicemembers and Veterans

(12) Wednesday, June 8, 2011

Legislative Hearing: Legislation Pending Before the Veterans' Affairs Committee

S. 277, Caring for Camp Lejeune Veterans Act of 2011

S. 396, Meeting the Inpatient Health Care Needs of Far South Texas Veterans Act of 2011

S. 411, Helping our Homeless Veterans Act of 2011

S. 423, a bill to amend title 38, United States Code (hereinafter, "U.S.C."), to provide authority for retroactive effective date for awards of disability compensation in connection with applications that are fully-developed at submittal, and for other purposes

S. 486, Protecting Servicemembers from Mortgage Abuses Act of 2011

S. 490, a bill to amend title 38, U.S.C., to increase the maximum age for children eligible for medical care under the CHAMPVA program, and for other purposes

S. 491, Honor America's Guard-Reserve Retirees Act of 2011

S. 536, a bill to amend title 38, U.S.C., to provide that utilization of survivors' and dependents' educational assistance shall not be subject to the 48-month limitation on the aggregate amount of assistance utilizable under multiple veterans and related educational assistance programs

S. 572, a bill to amend title 38, U.S.C., to repeal the prohibition on collective bargaining with respect to matters and questions regarding compensation of employees of the Department of Veterans Affairs other than rates of basic pay, and for other purposes

S. 666, Veterans Traumatic Brain Injury Care Improvement Act of 2011

S. 696, a bill to amend title 38, U.S.C., to treat Vet Centers as Department of Veterans Affairs facilities for purposes of payments or allowances for beneficiary travel to Department facilities, and for other purposes

S. 698, a bill to amend title 38, U.S.C., to codify the prohibition against the reservation of gravesites at Arlington National Cemetery, and for other purposes

S. 745, a bill to amend title 38, U.S.C., to protect certain veterans who would otherwise be subject to a reduction in educational assistance benefits, and for other purposes

S. 769, a bill to amend title 38, U.S.C., to prevent the Secretary of Veterans Affairs from prohibiting the use of service dogs on Department of Veterans Affairs' property

S. 780, a bill to amend title 38, U.S.C., to exempt reimbursements of expenses related to accident, theft, loss, or casualty loss from determinations of annual income with respect to pensions for veterans and surviving spouses and children of veterans, and for other purposes

S. 815, Sanctity of Eternal Rest for Veterans Act of 2011

S. 873, a bill to amend title 38, U.S.C., to provide benefits for children with spina bifida of veterans exposed to herbicides while serving in the Armed Forces during the Vietnam era outside Vietnam, and for other purposes

S. 874, a bill to amend title 38, U.S.C., to modify the provision of compensation and pension to surviving spouses of veterans in the months of the deaths of the veterans, to improve housing loan benefits for veterans, and for other purposes

S. 894, Veterans' Compensation Cost-of-Living Adjustment Act of 2011

S. 910, Veterans Health Equity Act of 2011

S. 914, a bill to amend title 38, U.S.C., to authorize the waiver of the collection of copayments for telehealth and telemedicine visits of veterans, and for other purposes

S. 928, a bill to amend title 38, U.S.C., to limit the authority of the Secretary of Veterans Affairs to use bid savings on major medical facility projects of the Department of Veterans Affairs to expand or change the scope of a major medical facility project of the Department, and for other purposes

S. 935, a bill to require the Secretary of Veterans Affairs to carry out a program of outreach to veterans, and for other purposes

S. 951, Hiring Heroes Act of 2011

S. 957, a bill to amend title 38, U.S.C., to improve the provision of rehabilitation services for veterans with traumatic brain injury, and for other purposes

S. 1017, a bill to amend title 38, U.S.C., to increase assistance for disabled veterans who are temporarily residing in housing owned by a family member, and for other purposes

S. 1060, Honoring All Veterans Act of 2011

S. 1089, Veterans Health Care Improvement Act of 2011

S. 1104, Veteran Transition Assistance Program Audit Act of 2011

S. 1123, a bill to amend title 38, U.S.C., to improve the provision of benefits and assistance under the laws administered by the Secretary of Veterans Affairs to veterans affected by natural or other disasters, and for other purposes

S. 1124, Veterans Telemedicine Act of 2011

S. 1127, Veterans Rural Health Improvement Act of 2011

S. 1146, Alaska's Hero's Card Act of 2011

S. 1147, Chiropractic Care Available to All Veterans Act of 2011

S. 1148, Veterans Programs Improvement Act of 2011

(13) Wednesday, June 29, 2011

Meeting: Markup of Pending Legislation

- S. 277 (Committee Print), Caring for Camp Lejeune Veterans Act of 2011, to amend title 38, U.S.C., to furnish hospital care, medical services, and nursing home care to veterans who were stationed at Camp Lejeune, North Carolina, while the water was contaminated at Camp Lejeune, and for other purposes

- S. 572, to amend title 38, U.S.C., to repeal the prohibition on collective bargaining with respect to matters and questions regarding compensation of employees of the Department of Veterans Affairs other than rates of basic pay, and for other purposes

- S. 745 (Committee Print), to protect certain veterans who would otherwise be subject to a reduction in educational assistance benefits, and for other purposes

- S. 894, Veterans' Compensation Cost-of-Living Adjustment Act of 2011, to amend title 38, U.S.C., to provide for an increase, effective December 1, 2011, in 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, and for other purposes

- S. 914 (Committee Print), Veterans Programs Improvement Act of 2011, to amend title 38, U.S.C., to authorize the waiver of the collection of copayments for telehealth and telemedicine visits of veterans, and for other purposes

- S. 951 (Committee Print), Hiring Heroes Act of 2011, to improve the provision of Federal transition, rehabilitation, vocational, and unemployment benefits to members of the Armed Forces and veterans, and for other purposes

(14) Thursday, July 14, 2011

Hearing: VA Mental Health Care: Closing the Gaps

(15) Wednesday, July 27, 2011

Hearing: Examining the Lifetime Costs of Supporting the Newest Generation of Veterans

(16) Wednesday, September 21, 2011

Joint Hearing with the House of Representatives to hear the legislative presentation of The American Legion

(17) Wednesday, November 30, 2011

Hearing: VA Mental Health Care: Addressing Wait Times and Access to Care

(18) Monday, December 12, 2011

Field Hearing in Quincy, Massachusetts: Addressed concerns over delays in veterans' services related to the claims backlog and the Department of Veterans Affairs' plans to reduce the backlog

(19) Monday, December 12, 2011

Field Hearing in Columbus, Ohio: Focused on employment challenges facing veterans

(20) Tuesday, February 28, 2012

Joint Hearing with the House of Representatives to hear the legislative presentation of Disabled American Veterans

(21) Wednesday, February 29, 2012

Hearing: The Fiscal Year 2013 Budget for Veterans' Programs

(22) Wednesday, March 7, 2012

Joint Hearing with the House of Representatives to receive the legislative presentation of Veterans of Foreign Wars

(23) Wednesday, March 14, 2012

Hearing: Ending Homelessness Among Veterans—VA's Progress on its 5-Year Plan

(24) Wednesday, March 21, 2012

Joint Hearing with the House of Representatives to receive the legislative presentation of Military Order of the Purple Heart, Iraq & Afghanistan Veterans of America, Non Commissioned Officers Association, American Ex-Prisoners of War, Vietnam Veterans of America, Wounded Warrior Project, National Association of State Directors of Veterans Affairs, and The Retired Enlisted Association

(25) Thursday, March 22, 2012

Joint Hearing with the House of Representatives to receive the legislative presentation of Paralyzed Veterans of America, Air Force Sergeants Association, Blinded Veterans Association, AMVETS, Gold Star Wives, Fleet Reserve Association, Military Officers Association of America, and Jewish War Veterans

(26) Wednesday, March 28, 2012

Hearing: Nominations of Margaret Bartley to be Judge of United States Court of Appeals for Veterans Claims and Coral Wong Pietsch to be Judge of United States Court of Appeals for Veterans Claims; their nominations were reported favorably by the Committee on April 26, 2012, and they were confirmed by the Senate on May 24, 2012.

(27) Wednesday, April 4, 2012

Field Hearing in Tacoma, Washington: Washington's Veterans: Helping the Newest Generation Transition Home

(28) Tuesday, April 10, 2012

Field Hearing in Honolulu, Hawaii: State of Veterans Benefits and Services in Hawaii

(29) Saturday, April 21, 2012

Field Hearing in Billings, Montana: Improving Access to Quality Healthcare for Rural Veterans

(30) Wednesday, April 25, 2012

Hearing: VA Mental Health Care: Evaluating Access and Assessing Care

(31) Wednesday, May 23, 2012

Hearing: Seamless Transition: Review of the Integrated Disability Evaluation System

(32) Wednesday, June 13, 2012

Legislative Hearing: Pending Economic Opportunity and Transition Legislation

S. 1184, a bill to amend title 38, U.S.C., to revise the enforcement penalties for misrepresentation of a business concern as a small business concern owned and controlled by vet-

erans or as a small business concern owned and controlled by service-disabled veterans, and for other purposes

S. 1314, a bill to amend title 38, U.S.C., to require the Secretary of Labor to establish minimum funding levels for States for the support of disabled veterans' outreach program specialists and local veterans' employment representatives

S. 1634, a bill to amend title 38, U.S.C., to improve the approval and disapproval of programs of education for purposes of educational benefits under laws administered by the Secretary of Veterans Affairs, and for other purposes

S. 1798, the Open Burn Pit Registry Act of 2011

S. 1852, the Spouses of Heroes Education Act

S. 1859, a bill to provide that section 3330a, 3330b, and 3330c of title 5, U.S.C., relating to administrative and judicial redress and remedies for preference eligibles, shall apply with respect to the Federal Aviation Administration and the Transportation Security Administration

S. 2130, the Veterans Conservation Corps Authorization Act

S. 2179, the Military and Veterans Educational Reform Act of 2012

S. 2206, the GI Educational Freedom Act of 2012

S. 2241, the GI Bill Consumer Awareness Act of 2012

S. 2246, the TAP Modernization Act of 2012

S. 2299, the Servicemembers Rights Enforcement Improvement Act of 2012

S. 3082, a bill to amend title 38, U.S.C., to establish the National Veterans Support Network to carry out activities to support and supplement the mission of the Department of Veterans Affairs, and for other purposes

S. 3179, the Servicemember Housing Protection Act of 2012

S. 3210, the Veterans Small Business Opportunity Act of 2012

S. 3233, the Servicemembers Access to Justice Act of 2012

S. 3235, Helping Iraq and Afghanistan Veterans Return to Employment at Home Act

S. 3236, Servicemember Employment Protection Act of 2012

(33) Wednesday, June 27, 2012

Legislative Hearing: Pending Health and Benefits Legislation

S. 1264, the Veteran Voting Support Act of 2011

S. 1391, a bill to amend title 38, U.S.C., to improve the disability compensation evaluation procedure of the Secretary of Veterans Affairs for veterans with post-traumatic stress disorder or mental health conditions related to military sexual trauma, and for other purposes

S. 1631, a bill to authorize the establishment in the Department of Veterans Affairs of a center for technical assistance for non-Department health care providers who furnish care to veterans in rural areas, and for other purposes

S. 1705, a bill to designate the Department of Veterans Affairs Medical Center in Spokane, Washington, as the "Mann-Grandstaff Department of Veterans Affairs Medical Center"

S. 1707, the Veterans Second Amendment Protection Act

S. 1755, a bill to amend title 38, U.S.C., to provide for coverage under the beneficiary travel program of the Department of Veterans Affairs of certain disabled veterans for travel for

certain special disabilities rehabilitation, and for other purposes

S. 1799, the Access to Appropriate Immunizations for Veterans Act of 2011

S. 1806, a bill to amend the Internal Revenue Code of 1986 to allow taxpayers to designate overpayments of tax as contributions to the homeless veterans assistance fund

S. 1838, a bill to require the Secretary of Veterans Affairs to carry out a pilot program on service dog training therapy, and for other purposes

S. 1849, the Rural Veterans Health Care Improvement Act

S. 2045, a bill to amend title 38, U.S.C., to require judges of the United States Court of Appeals for Veterans Claims to reside within fifty miles of the District of Columbia, and for other purposes

S. 2244, the Veterans Missing in America Act of 2012

S. 2259, the Veterans' Compensation Cost-of-Living Adjustment Act of 2012

S. 2320, the Remembering America's Forgotten Veterans Cemetery Act of 2012

S. 3049, a bill to amend title 38, U.S.C., to expand the definition of homeless veteran for purposes of benefits under the laws administered by the Secretary of Veterans Affairs

S. 3052, a bill to amend title 38, U.S.C., to require the Secretary of Veterans Affairs to provide veterans, when such veterans electronically file claims for benefits under laws administered by the Secretary, with notice that relevant services may be available to the veterans from Veterans Service Organizations, and for other purposes

S. 3084, the VISN Reorganization Act of 2012

S. 3202, the Dignified Burial of Veterans Act of 2012

S. 3206, a bill to amend title 38, U.S.C., to extend the authorization of appropriations for the Secretary of Veterans Affairs to pay a monthly assistance allowance to disabled veterans training or competing for the Paralympic Team and the authorization of appropriations for the Secretary of Veterans Affairs to provide assistance to United States Paralympics, Inc., and for other purposes

S. 3238, a bill to designate the Department of Veterans Affairs community based outpatient clinic in Mansfield, Ohio, as the David F. Winder Department of Veterans Affairs Community Based Outpatient Clinic, and for other purposes

S. 3270, a bill to amend title 38, U.S.C., to require the Secretary of Veterans Affairs to consider the resources of individuals applying for pension that were recently disposed of by the individuals for less than fair market value when determining the eligibility of such individuals for such pension and for other purposes

S. 3282, a bill to amend title 38, U.S.C., to reauthorize the Veterans' Advisory Committee on Education, and for other purposes

S. 3308, a bill to amend title 38, U.S.C., to improve the furnishing of benefits for homeless veterans who are women or who have dependents, and for other purposes

S. 3309, the Homeless Veterans Assistance Improvement Act of 2012

S. 3313, the Women Veterans Health and Other Care Improvement Act of 2012

S. 3316, a bill to require the Secretary of Labor to carry out a pilot program on providing veterans with access at One-Stop Centers to Internet websites to facilitate online job searches, and for other purposes

S. 3324, a bill to authorize the Secretary of Veterans Affairs to award grants to nonprofit organizations for the construction of facilities for temporary lodging in connection with the examination, treatment, or care of a veteran under laws administered by the Secretary of Veterans Affairs, and for other purposes

S. 3336, a bill to amend title 38, U.S.C., to authorize the Secretary of Veterans Affairs to carry out a major medical facility project lease for a Department of Veterans Affairs outpatient clinic at Ewa Plain, Oahu, Hawaii, and for other purposes

S. 3340, the Mental Health Access to Continued Care and Enhancement of Support Services Act of 2012 or Mental Health ACCESS Act of 2012

(34) Wednesday, July 18, 2012

Hearing: Nomination of Thomas Sowers II to be Assistant Secretary of Veterans Affairs (Public and Intergovernmental Affairs); his nomination was reported favorably by the Committee on August 2, 2012, and was confirmed by the Senate the same day.

(35) Wednesday, September 12, 2012

Meeting: Markup of Pending Legislation

- S. 3340 (Committee Print), to improve the provision of mental health care to members of the Armed Forces and veterans, to improve assistance to homeless veterans, to improve the provision of health care and benefits to veterans, and for other purposes

- S. 3322 (Committee Print), to strengthen enforcement and clarify certain provisions of the Servicemembers Civil Relief Act and chapter 43 of title 38, U.S.C., and for other purposes

- S. 3313 (Committee Print), to amend title 38, U.S.C., to improve the reproductive assistance provided by the Department of Veterans Affairs to severely wounded veterans and their spouses, and for other purposes

- S. 2259, to provide for an increase, effective December 1, 2012, in 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, and for other purposes

- S. 2241 (Committee Print), to ensure that veterans have the information and protections they require to make informed decisions regarding use of Post-9/11 Educational Assistance, and for other purposes

- S. 1707, to amend title 38, U.S.C., to clarify the conditions under which certain persons may be treated as adjudicated mentally incompetent for certain purposes

(36) Wednesday, October 3, 2012

Joint Hearing with the House of Representatives to receive the legislative presentation of The American Legion

(37) Wednesday, December 12, 2012

Hearing: Nomination of Keith Kelly to be Assistant Secretary of Labor for Veterans' Employment and Training and William S. Greenberg to be Judge of the United States Court of Appeals for Veterans Claims

(38) Friday, December 21, 2012

The Committee discharged the nominations of Keith Kelly to be Assistant Secretary of Labor for Veterans' Employment and Training and William S. Greenberg to be Judge of the United States Court of Appeals for Veterans Claims. A hearing on both nominations was held on December 12, 2012. Keith Kelly's nomination was also referred to the Committee on Health, Education, Labor, and Pensions, who discharged by unanimous consent. Judge Greenberg was confirmed by the Senate on December 21, 2012. Mr. Kelly was confirmed by the Senate on January 1, 2013.

## II. LEGISLATION

### A. *First Session (2011)*

In the First Session, the Committee met in open session on June 29, 2011, and ordered reported six pieces of legislation to the full Senate.

#### 1. S. 277, the Caring for Camp Lejeune Veterans Act of 2011

To furnish hospital care, medical services, and nursing home care to veterans who were stationed at Camp Lejeune, North Carolina, while the water was contaminated at Camp Lejeune, and for other purposes. This measure was introduced in the Senate on February 3, 2011, and the Committee ordered it to be favorably reported on June 29, 2011. S. Report 112-42 was filed on August 1, 2011. No further action was taken on this bill in the 112th Congress.

2. S. 572, a bill to amend title 38, U.S.C., to repeal the prohibition on collective bargaining with respect to matters and questions regarding compensation of employees of the Department of Veterans Affairs other than rates of basic pay, and for other purposes. This measure was introduced in the Senate on March 14, 2011, and the Committee ordered it favorably reported on June 29, 2011. S. Report 112-68 was filed on September 6, 2011. No further action was taken on this bill in the 112th Congress.

3. S. 745, a bill to amend title 38, U.S.C., to protect certain veterans who would otherwise be subject to a reduction in educational assistance benefits, and for other purposes. This measure was introduced in the Senate on April 6, 2011, and the Committee ordered it to be favorably reported, as amended, on June 29, 2011. This bill was reported on July 19, 2011, without a written report. No further action was taken on this bill in the 112th Congress.

#### 4. S. 894, Veterans' Compensation Cost-of-Living Adjustment Act of 2011

To provide for an increase, effective December 1, 2011, in 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, and for other purposes. This measure was introduced in the Senate on May 5, 2011, and the Committee ordered it favorably reported on June 29, 2011. S. Report 112-44 was filed on August 1, 2011. The Senate unani-

mously passed the bill on October 19, 2011, and the House voted to pass it on November 2, 2011. The bill was signed into law on November 9, 2011, as Public Law 112–53.

5. S. 914, Veterans Programs Improvement Act of 2011

To authorize the waiver of the collection of copayments for telehealth and telemedicine visits of veterans, and for other purposes. This measure was introduced on May 9, 2011, and the Committee ordered it to be favorably reported, as amended, on June 29, 2011. S. Report 112–88 was filed on October 11, 2011. No further action was taken on this bill in the 112th Congress.

6. S. 951, Hiring Heroes Act of 2011

To improve the provision of Federal transition, rehabilitation, vocational, and unemployment benefits to members of the Armed Forces and veterans, and for other purposes. This measure was introduced on May 11, 2011, and the Committee ordered it to be favorably reported, as amended, on June 29, 2011. S. Report 112–36 was filed on July 18, 2011. No further action was taken in the 112th Congress.

In addition, during the first session the Committee discharged by unanimous consent several pieces of legislation, as follows:

1. H.R. 1383, Restoring GI Bill Fairness Act of 2011, was received in the Senate on May 24, 2011. On July 21, 2011, the bill was discharged from the Committee and passed with amendments in the Senate. The House agreed to the Senate amendments on July 26, 2011, and the measure was signed into law as Public Law 112–26 on August 3, 2011.

2. S. Res. 55, a resolution expressing support for designation of a “Welcome Home Vietnam Veterans Day,” was discharged by the Committee and agreed to in the Senate without amendment and with a preamble on March 7, 2011.

3. S. Con. Res. 4, a concurrent resolution expressing the sense of Congress that an appropriate site on Chaplains Hill in Arlington National Cemetery should be provided for a memorial marker to honor the memory of the Jewish chaplains who died while on active duty in the Armed Forces of the United States, was discharged by the Committee and agreed to in the Senate with amendment and with a preamble on May 26, 2011. No further action was taken in the 112th Congress.

*B. Second Session (2012)*

In the Second Session, the Committee met in open session on September 12, 2012, and ordered to be favorably reported a combined total of six pieces of legislation to the full Senate.

1. S. 1707, the Veterans Second Amendment Protection Act

To clarify the conditions under which certain persons may be treated as adjudicated mentally incompetent for certain purposes. This measure was introduced on October 13, 2011, and the Committee ordered it to be favorably reported on September 12, 2012. No further action was taken in the 112th Congress.

2. S. 2241, GI Bill Consumer Awareness Act of 2012

To ensure that veterans have the information and protections they require to make informed decisions regarding use of Post-9/11 Educational Assistance, and for other purposes. This measure was introduced on March 27, 2012, and the Committee ordered it to be

favorably reported on September 12, 2012. No further action was taken in the 112th Congress.

3. S. 2259, Veterans' Compensation Cost-of-Living Adjustment Act of 2012

To provide for an increase, effective December 1, 2012, in 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, and for other purposes. This measure was introduced on March 29, 2012, and the Committee ordered it to be favorably reported on September 12, 2012. No further action was taken in the 112th Congress.

4. S. 3313, Women Veterans and Other Health Care Improvements Act of 2012

To amend title 38, U.S.C., to improve the reproductive assistance provided by the Department of Veterans Affairs to severely wounded, ill, or injured veterans and their spouses, and for other purposes. This measure was introduced on June 19, 2012, and the Committee ordered it to be favorably reported, as amended, on September 12, 2012. S. 3313, as further amended, passed the Senate by voice vote on December 13, 2012.

5. S. 3322, Servicemembers' Protection Act of 2012

To strengthen enforcement and clarify certain provisions of the Servicemembers Civil Relief Act, the Uniformed and Overseas Citizens Absentee Voting Act, and chapter 43 of title 38, U.S.C., and to reconcile, restore, clarify, and conform similar provisions in other related civil rights statutes, and for other purposes. This measure was introduced on June 20, 2012, and the Committee ordered it to be favorably reported on September 12, 2012. No further action was taken in the 112th Congress.

6. S. 3340, Mental Health Access to Continued Care and Enhancement of Support Services of 2012 or Mental Health ACCESS Act of 2012

To improve and enhance the programs and activities of the Department of Defense and the Department of Veterans Affairs regarding suicide prevention and resilience and behavioral health disorders for members of the Armed Forces and veterans, and for other purposes. This measure was introduced on June 25, 2012, and the Committee ordered it to be favorably reported on September 12, 2012. No further action was taken in the 112th Congress.

In addition, during the Second Session the Committee discharged several bills by unanimous consent, as follows:

1. S. 2045, a bill to amend title 38, U.S.C., to require judges of the United States Court of Appeals for Veterans Claims to reside within fifty miles of the District of Columbia, and for other purposes, was introduced on January 31, 2012. This measure was discharged from the Committee and agreed to in the Senate on December 13, 2012. No further action was taken in the 112th Congress.

2. S. 3202, the Dignified Burial and Other Veterans' Benefits Improvement Act of 2012, was introduced on May 17, 2012. This measure was discharged from the Committee and agreed to in the Senate with an amendment on December 19, 2012. The House passed the bill on December 30, 2012, and the measure was signed into law as Public Law 112-260 on January 10, 2013.

3. H.R. 1627, Honoring America's Veterans and Caring for Camp Lejeune Families Act of 2012, was passed by the House on May 23, 2011. This measure was discharged from the Committee and agreed to in the Senate with an amendment and an amendment to the title on July 18, 2012. The House agreed to the Senate amendments on July 31, 2012, and the bill was signed into law as Public Law 112-154 on August 6, 2012.

4. H.R. 4057, Improving Transparency of Education Opportunities for Veterans Act of 2012, was passed in the House on September 11, 2012. This measure was discharged from the Committee and agreed to in the Senate with an amendment on December 19, 2012. The House agreed to the Senate amendments on December 30, 2012, and the measure was signed into law as Public Law 112-249 on January 10, 2013.

5. H.R. 4114, Veterans' Compensation Cost-of-Living Adjustment Act of 2012, was passed by the House on July 9, 2012. This measure was discharged from the Committee and agreed to in the Senate on November 13, 2012. The bill was signed into law as Public Law 112-198 on November 27, 2012.

#### *C. Reports*

S. 277, the Caring for Camp Lejeune Veterans Act of 2011. S. Report 112-42.

S. 572, a bill to amend title 38, U.S.C., to repeal the prohibition on collective bargaining with respect to matters and questions regarding compensation of employees of the Department of Veterans Affairs other than rates of basic pay, and for other purposes. S. Report 112-68.

S. 894, Veterans' Compensation Cost-of-Living Adjustment Act of 2011. S. Report 112-44.

S. 914, Veterans Programs Improvement Act of 2011. S. Report 112-88.

S. 951, Hiring Heroes Act of 2011. S. Report 112-36.

#### *D. Public Laws*

##### *Senate Vehicle*

S. 894, Veterans Compensation Cost-of-Living Adjustment Act of 2011 is Public Law 112-53.

S. 3202, the Dignified Burial and Other Veterans' Benefits Improvement Act of 2012 is Public Law 112-260.

##### *House Vehicle*

H.R. 1383, Restoring GI Bill Fairness Act of 2011 is Public Law 112-26.

H.R. 1627, Honoring America's Veterans and Caring for Camp Lejeune Families Act of 2012 is Public Law 112-154.

H.R. 4057, Improving Transparency of Education Opportunities for Veterans Act of 2012, Public Law 112-249.

H.R. 4114, Veterans' Compensation Cost-of-Living Adjustment Act of 2012 is Public Law 112-198.

### III. OVERSIGHT

#### *A. First Session (2011)*

In accordance with its mandate, the Committee engaged in vigorous oversight of VA Regional Offices, hospitals, and other health care facilities, as well as Department of Defense (hereinafter, “DOD”) facilities.

A primary focus for the Committee is VA compliance with policies and regulations in the processing of disability compensation claims for veterans with service-connected conditions. Toward this end, the Committee’s Majority staff visited nine VA Regional Offices, the Appeals Management Center, and VA’s Compensation Service offices for review of electronic files in 2011. Staff examined individual claims in these offices, identifying patterns of serious errors or omissions, relaying that information to VA leadership so that it could improve the training, oversight, and accuracy of VA claims decisions.

Other areas of specific concern for Majority Committee staff included the review of claims from Naval veterans for conditions related to herbicide exposure. As a result of ongoing oversight efforts, VA continues to update a central database with a list of ships for which service on the inland waterways of Vietnam has been documented. At the request of the Committee, VA continues to publish the updated list on VA’s Web site so that veterans and advocates can easily identify ships and time periods for exposure to herbicide. The list continues to grow, benefiting thousands of veterans.

Oversight of claims for conditions related to herbicide exposure also resulted in the Committee’s Majority staff receiving clarification from VA that veterans exposed to herbicides on the perimeters of Air Bases in Thailand are eligible for an earlier effective date if a previous claim had been denied before military records of exposure had been discovered.

Also audited by the Committee Majority staff were decisions for post traumatic stress disorder; the quality of medical examinations conducted by VA medical examiners; and the adequacy of quality-control measures employed by VA to ensure accurate and consistent claims decisions.

In a related effort, Majority Committee staff traveled to the Indianapolis and Salt Lake City Regional Offices to examine the testing and implementation of VA’s claims transformation efforts, including the processing of claims using the Veterans Benefits Management System (hereinafter, “VBMS”), VA’s paperless claims processing system. The Majority Committee staff was joined by Minority Committee staff in a visit to the Philadelphia Regional Office to review ongoing claims transformation efforts as well as the Pension Management Center and VA’s Insurance Program.

Committee oversight also focused on programs and efforts designed to help servicemembers transition to civilian status. Majority and Minority Committee staff placed significant attention on the transition of servicemembers through the Integrated Disability Evaluation System (hereinafter, “IDES”), visiting DOD facilities in Washington, North Carolina, Hawaii, and California. Majority Committee staff also visited DOD facilities in Fort Carson, Colorado, to review IDES and Warrior Transition Units.

Committee Majority and Minority staff visited VA Medical Centers, Clinics, and Vet Centers located in Pennsylvania, Massachusetts, and Connecticut. These visits focused on broader quality-of-care issues, research programs, and the availability of services for specific populations such as women veterans and recently separated veterans. Committee Majority staff visited VA Medical Centers, Clinics, and Vet Centers located in Tennessee, Kentucky, Colorado, Maine, and Illinois. These visits also focused on broader quality-of-care issues, research programs, and the availability of services for specific populations such as women veterans and recently separated veterans. Staff also focused on access to specialty care and the quality and timeliness of surgical referrals. While in Colorado, staff visited the Health Acquisitions Center to discuss the management of claims processing in an effort to strengthen the recovery of health care resources. In addition, Committee Majority staff visited the Air Force Academy in Colorado Springs to examine the challenges surrounding the delivery of health care in the VA-DOD outpatient surgery joint venture.

A key focus of Committee staff was to ensure that VA's programs for homeless veterans were being managed and operated appropriately. Toward this end, Committee Majority and Minority staff visited the National Center on Homelessness Among Veterans in Philadelphia, Pennsylvania, to discuss research on emerging best practices in ending veteran homelessness. Committee Majority and Minority staff also visited VA's Northeast Program Evaluation Center in West Haven, Connecticut, and to assess data collection and aggregation on existing homeless veteran programs.

In a related effort, Committee staff visited grantees that operate a range of housing and employment programs for homeless veterans in the District of Columbia, Virginia, Tennessee, Colorado, Pennsylvania, and Massachusetts. Of particular interest to the Majority Committee staff was VA's Homeless Grant and Per Diem Program. Staff conducted an audit of the annual inspection reports to identify opportunities for improvement among grantees and modernization of the program.

In addition, Committee Minority staff visited the VA Medical Center in Augusta, Georgia.

Committee Majority staff visited the National Cemetery in Hawaii. Regarding GI Bill benefits, Majority staff visited educational institutions in the District of Columbia, Hawaii, and Ohio.

#### *B. Second Session (2012)*

Building on findings of field investigations from the first session, the Majority Committee staff continued its investigation into the administration of VA's disability compensation system. Majority investigative staff traveled to nine VA Regional Offices to closely examine individual claims and audited, through remote technology, the adjudication of claims in several other VA Regional Offices. In addition, several visits were made to the Providence Regional Office to monitor the testing and progression of VBMS.

Majority and Minority Committee staff continued oversight of VA's efforts to transform the compensation claims system with visits to the St. Petersburg and Nashville Regional Offices. Staff reviewed implementation of various initiatives designed to improve the timeliness and accuracy of claim decisions, including simplified

notification letters and quality review teams. The Majority Committee staff also visited Fort Harrison Regional Office shortly after implementation of VBMS to review ongoing efforts to deploy the paperless claims processing system.

Building upon efforts from the first session of the 112th Congress, Majority Committee staff continued to closely monitor efforts to assist servicemember transition to civilian status. Minority Committee staff were also present during some of these visits. Oversight efforts focused on the status of VA/DOD collaboration, including the status of the integrated Electronic Health Record program, the Virtual Lifetime Electronic Record, and IDES. As part of this oversight, staff traveled to: Captain James A. Lovell Federal Health Care Center, North Chicago, Illinois; VA San Diego Healthcare System, San Diego, California; Naval Medical Center San Diego, San Diego, California; VA Puget Sound Health Care System, Seattle, Washington; Madigan Army Medical Center, Tacoma, Washington; and Joint Base Lewis-McChord, Fort Lewis, Washington. Staff identified ongoing issues related to the efficacy of VA/DOD collaboration, including the need for better coordination of business processes and interoperability of information technology systems between the two departments. Majority Committee staff continue to believe that an end-to-end shared information solution between the departments is essential to ensuring a servicemember's seamless transition from active duty into the VA system.

Majority and Minority Committee staff traveled to DOD and VA facilities to evaluate the effectiveness of initiatives aimed at better coordination between the two Departments in the evaluation of service-connected disabilities among servicemembers. Facilities visited included Fort Knox, multiple DOD facilities in Hawaii, and the Reserve Components Medical Support Center located in Pinellas Park, Florida. Each of these visits focused on the effectiveness of IDES, the joint DOD and VA disability evaluation system. Committee staff also visited VA's Systematic Technical Accuracy Review program offices in Nashville, Tennessee, to review the accuracy of claims decisions provided to servicemembers involved in IDES.

Majority Committee staff also conducted extensive reviews of electronic and paper files of servicemembers and veterans who participated in the Disability Evaluation System (hereinafter, "DES") and IDES to evaluate the quality of mental health examinations, evaluations, and diagnoses. The results of these reviews were consolidated in an "Interim Committee Staff Report: Investigation of Joint Disability Evaluation System" that outlined ongoing challenges confronted by servicemembers navigating this joint disability evaluation system.

A critical component of seamless transition is participation in the Transition Assistance Program (hereinafter, "TAP"). TAP has continued to be an area of focus for Committee staff due to its importance in educating transitioning servicemembers about the programs and benefits that are available to them as they enter civilian life. Committee Majority staff traveled to Naval Station Norfolk to evaluate the revamped TAP.

The number of veterans and dependents taking advantage of their GI Bill benefits continues to grow. The Majority staff of the Committee visited Arizona State University and the University of

Alaska Fairbanks to evaluate the Vet Success on Campus Program (hereinafter, “VSOC”) and other similar initiatives designed to assist student veterans to assimilate into the campus environment. As a result of this oversight, the Vocational Rehabilitation and Employment Program (hereinafter, “VR&E”) worked with VA’s Education Service to ensure that VSOC counselors had dedicated points of contact at Regional Processing Offices. VR&E also provided additional training for VSOC counselors to ensure that standardized services are delivered program-wide.

Committee Majority and Minority staff examined quality-of-care issues at VA Medical Centers, Clinics, and Vet Centers in California, Washington, Texas, and Florida. Committee Majority staff also visited Alaska, Arizona, New Mexico, Montana, Massachusetts, and West Virginia. Staff focused on broader quality-of-care issues and the availability of services for specific populations such as women veterans and recently separated veterans.

Of particular interest to the Committee was wait times for mental health appointments. Committee Majority staff visited five Community Based Outpatient Clinics and two Vet Centers in the District of Columbia, Maryland, and Virginia to examine appointment wait times and the environment of care.

One priority issue examined by the Committee Majority staff was access to care for Native American and Alaska Native veterans. Staff visited two Alaska Native health care facilities and the Department of Navajo Veterans Affairs to obtain input on how access to medical care can improve and how to increase awareness of available benefits.

A key focus of the Committee staff was responding to the increasing number of women veterans experiencing homelessness. At the Committee Majority staff’s request, VA reviewed the placements of homeless women veterans in transitional housing facilities to ensure that their privacy, safety, and security needs were being met. This resulted in women veterans being placed in more appropriate facilities that would better meet their needs.

As a part of the Committee Majority’s focus on the ongoing effects of the Vietnam war, staff traveled to Vietnam. The visit focused on the impacts of Agent Orange exposure and the search and recovery of remains of those servicemembers still missing from the war in Vietnam.

Committee Majority staff also visited National Cemeteries in Arizona, Florida, New Mexico, and California.

#### IV. NOMINATIONS

Name and Position	Date of Nomination	Date of Hearing	Date Reported	Date Confirmed
First Session				
Allison A. Hickey ..... Under Secretary for Benefits of the Department of Veterans Affairs	1/5/2011	4/6/2011	5/4/2011	5/26/2011
Steve L. Muro ..... Under Secretary of Veterans Affairs for Memorial Affairs	1/5/2011	4/6/2011	5/4/2011	5/26/2011
Margaret Bartley ..... Judge of the United States Court of Appeals for Veterans Claims	6/22/2011	3/28/2012	4/26/2012	5/24/2012

Name and Position	Date of Nomination	Date of Hearing	Date Reported	Date Confirmed
Gloria Wilson Shelton ..... Judge of the United States Court of Appeals for Veterans Claims	6/22/2011	—	—	—
Second Session				
Coral Wong Pietsch ..... Judge of the United States Court of Appeals for Veterans Claims	11/1/2011	3/28/2012	4/26/2012	5/24/2012
Constance B. Tobias ..... Chairman of the Board of Veterans' Appeals	1/24/2012	—	—	—
Thomas Skerik Sowers II ..... Assistant Secretary of Veterans Affairs	5/10/2012	7/18/2012	8/2/2012	8/2/2012
Keith Kelly ..... Assistant Secretary of Labor for Veterans' Employment and Training	9/19/2012	12/12/2012	—	1/1/2013
William S. Greenberg ..... Judge of the United States Court of Appeals for Veterans Claims	11/15/2012	12/12/2012	—	12/21/2012

## V. BUDGET FOR VETERANS PROGRAMS

### A. First Session (2011)

Pursuant to the requirements of section 301(d) of the Congressional Budget Act of 1974, Democratic and Republican Members of the Committee submitted a letter to the Budget Committee reflecting the Committee's Views and Estimates on the Administration's proposed fiscal year 2012 budget for veterans' programs. The letter submitted is printed below in its entirety:

MARCH 18, 2011.

Hon. KENT CONRAD, *Chairman*,  
Hon. JEFF SESSIONS, *Ranking Member*,  
*Committee on the Budget*,  
*U.S. Senate, Washington, DC.*

DEAR CHAIRMAN CONRAD AND RANKING MEMBER SESSIONS: Pursuant to Section 301(d) of the Congressional Budget Act of 1974, the Undersigned Members of the Committee on Veterans' Affairs hereby report to the Committee on the Budget their views and estimates on the Fiscal Year 2012 (FY12) budget for Function 700 (Veterans' Benefits and Services) and for Function 500 (Education, Training, Employment, and Social Services) programs within the Committee's jurisdiction, including the Court of Appeals for Veterans Claims. This letter responds to the Committee's obligation to provide recommendations on veterans' programs within its jurisdiction, albeit from the perspective of the Undersigned Members.

### I. SUMMARY

The Undersigned Members support the President's request for the FY12 budget for the Department of Veterans Affairs (VA) but recommend an increase, above the Department's requested discretionary amounts, of \$9 million for the Office of Inspector General and \$72 million for Medical and Prosthetic Research. In addition, the Undersigned Members recommend \$24 million above the President's request for the Department of Labor's Veterans' Employment and Training Service. The result of these recommendations is an

overall funding recommendation of \$105 million above the President's requested discretionary amount for FY12.

We are mindful that some accounts in this letter recommend funding increases and, to the extent practicable, the Committee on Veterans' Affairs will identify funding within our jurisdiction to keep total spending for VA and other entities within the Committee's jurisdiction to the President's requested level for FY12. For example, the Committee has identified \$25 million that has been requested from the Court of Appeals for Veterans Claims (CAVC) that, in the Undersigned Members' opinion, could be better used in other areas. In addition to exploring changes to the increase in funding for general administration in the President's request, we will follow the lead of the recommendations of the President's National Commission on Fiscal Responsibility and Reform by examining the increases to employee travel accounts, which potentially could be shifted to more critical missions within VA.

With respect to mandatory benefits, sufficient offsets should be identified to avoid imposing a Cost-of-Living Adjustment (COLA) round-down for the upcoming fiscal year.

## II. DISCRETIONARY ACCOUNT SPENDING

### A. *Medical Services*

The President requests an overall funding amount of \$40.05 billion for Medical Services for FY12, an increase of \$2.92 billion over the amount in FY11. This amount includes a rescission of \$552 million as part of the President's freeze on pay for Executive Branch employees. We support the President's request for an additional \$2.92 billion in funding for Medical Services, as described in greater detail below:

#### *Components of Recommended Increases*

##### *1. Health Care Services*

*Acute Care:* VA provides veterans with acute care services that include inpatient hospital care, ambulatory care, and pharmacy services. Inpatient acute care services include neurology and surgery. Ambulatory care includes care provided at VA hospital-based and community-based clinics, as well as contracted non-VA facilities. Pharmacy services include prescriptions, over-the-counter medications, and pharmacy supplies. VA estimates the demand for such services will cost \$28.18 billion in FY12, necessitating an additional \$1.85 billion in needed funding over the FY11 amount.

The Undersigned Members support the President's request for an additional \$1.85 billion for acute care funding for FY12.

*Rehabilitation:* VA's rehabilitative care programs include the Blind Rehabilitation and Spinal Cord Injury programs, among others. Pursuant to Public Law 104-262, which established the requirement that VA maintain its capacity to provide for the specialized treatment and rehabilitative needs of patients, the Administration is expanding the Blind Rehabilitation program to accommodate the increased workload due to additional numbers of eye injuries among Operation Enduring Freedom, Operation Iraqi Freedom, and Operation New Dawn (OEF/OIF/OND) veterans.

The Undersigned Members support the President's request for an additional \$14.9 million in funding for FY12 for VA's rehabilitation programs.

*Mental Health:* Funding for mental health supports inpatient, residential, and outpatient mental health programs. The number of veterans diagnosed with substance abuse problems is increasing, as are the average daily census for inpatient programs and the number of outpatient visits, necessitating more resources for mental health services. As VA integrates mental health care with primary care, completes the implementation of the Uniform Mental Health Services Handbook, implements new screening and treatment deadlines, increases access and outreach, and expands training for providers, more funds will be required. VA is also working with the Department of Defense (DOD) to implement the Integrated Mental Health Strategy, which will increase collaboration between the Departments to ensure that all veterans and servicemembers are captured by the system.

The Undersigned Members support the President's request for an additional \$195.5 million in funding over FY11 levels for mental health services, for a total funding amount of \$4.25 billion for FY12.

*Prosthetics:* VA provides funds to veterans for the purchase and repair of prosthetics and sensory aids, such as artificial limbs, hearing aids, pacemakers, artificial hip and knee joints, ocular lenses, and wheelchairs. VA estimates the demand for such prosthetics and repairs to cost \$2.49 billion in FY12 and requests an additional \$322 million in needed funding over the FY11 amount. We have seen some new data that show dramatic increases in amputations among casualties of the current conflicts. Some of the most shocking statistics include that twice as many wounded soldiers needed a limb amputated than in the previous two years. This is an area where the Committee intends to do more oversight to ensure that there are sufficient resources to provide prosthetics to the casualties of the current conflicts.

The Undersigned Members support the President's request for an additional \$322 million in funding for FY12, for a total amount of \$2.49 billion to meet the demand for prosthetics in FY12.

*Dental Care:* VA provides veterans with dental care services that include onetime Class II benefits to all newly discharged combat OEF/OIF/OND veterans within 180 days of discharge. Class II benefits are provided to veterans with service-connected, non-compensable dental conditions or disabilities shown to have been in existence at the time of discharge or release from active duty. VA also provides dental services to veterans placed into dental Classifications III and IV, those with a condition negatively impacted by poor dentition. VA estimates the demand of such services will cost \$490.8 million in FY12, necessitating an additional \$19.3 million in funding over the FY11 funding amount.

The Undersigned Members support the President's request for an additional \$19.3 million in funding for FY12, for a total funding amount of \$490.8 million for dental care for FY12.

*Contingency Fund:* This year, VA has requested the creation of a contingency fund to supplement the amounts requested above. This fund is intended to make available additional sums that VA could need if the economy continues to be weak and unemployment

high, therefore bringing more veterans into the VA system and increasing their reliance on it. This is the first year that the Enrollee Health Care Projection Model, the tool VA uses to project utilization of the health care system, has incorporated an adjustment for these factors. In order to release funds from the proposed contingency fund, a joint request by VA and the Office of Management and Budget (OMB) would be required. Unused sums would be returned to the Treasury. The Undersigned Members are skeptical about the President's request for the creation of a contingency fund and for an amount of \$953 million to be placed in that fund. However, this Committee will be closely monitoring VA's quarterly status reports that describe financial status and program performance.

*Long-Term Care:* VA projects the institutional care average daily census (ADC) will increase from 40,184 to 40,843 (1.6 percent) from 2011 to 2012, and the non-institutional care ADC will increase from 109,256 to 113,926 (4.3 percent) from 2011 to 2012.

The Undersigned Members support the President's request for an additional \$478.6 million in funding for FY12, for a total funding amount of nearly \$5.4 billion for long-term care services.

*Civilian Health and Medical Program of the Department of Veterans Affairs (CHAMPVA):* CHAMPVA provides health care benefits for dependents and survivors of veterans who are, or were at time of death, 100 percent permanently and totally disabled from a service-connected disability, or who died from a service-connected condition. Of note, the family caregivers program mandated by Public Law 111-163 requires VA to extend CHAMPVA eligibility to primary family caregivers who do not have another form of health insurance.

The Undersigned Members support the President's request for an additional \$98.1 million in funding for FY12 and support the requested total funding amount of approximately \$1.18 billion for CHAMPVA services. However, the Undersigned Members will be ensuring amounts are sufficient to account for the increases in CHAMPVA usage that will result from the implementation of the family caregiver program mandated by Public Law 111-163.

*Readjustment Counseling:* VA furnishes readjustment counseling at VA's Vet Centers to veterans who served in combat zones, including those involved in OEF/OIF/OND. VA had 300 Vet Centers operating across the country in 2010, and had 1.37 million visits. Vet Centers provide essential counseling related to combat service, bereavement counseling for families of servicemembers who die while on active duty, as well as outreach and referral services. VA expects an increase in post-traumatic stress disorder (PTSD) and other mental health conditions as veterans return from OEF/OIF/OND after multiple tours of duty. The President requests \$189 million in total funding for FY12 to meet the increasing demand for readjustment counseling.

Therefore, the Undersigned Members support an additional \$8 million in funding for FY12 and recommend a total of \$189 million in funding for readjustment counseling.

## 2. Operational Improvements

While the Undersigned Members of the Committee support the expansion of many existing initiatives in the areas of mental

health, readjustment counseling, and rehabilitative care, as discussed above, we believe that more can and should be done—especially in the areas of homelessness, mental health care, and family caregiving. The Undersigned Members look forward to examining the Administration’s proposed initiatives, improvements, and legislative proposals.

The President’s request also includes a proposal to realign clinical staff in a way VA anticipates will be more efficient and is projected to generate \$150.8 million in savings in the first year. Under the realignment, VA would convert 1,446 physician and registered nurse positions into 1,165 licensed practical nurses, nursing assistant, and other similar provider positions. The Undersigned Members are concerned about possible detrimental effects on the quality of or access to care for veterans. For our part, we will work to ensure that any conversions are carried out in a responsible manner.

### *3. Major and Minor Construction:*

The Administration requested \$589.6 million for Major Construction in FY12, which is a decrease of \$604.4 million from the FY10 funding level. Although this request supports seven medical facility projects already underway and begins three new medical facility projects, there remains a huge backlog of partially-funded and unfunded construction projects. The Major Construction request also fully funds the resources required to support gravestone expansion at the National Memorial Cemetery of the Pacific, providing a burial option to an additional 9,000 deceased veterans and eligible family members, and allowing the cemetery to maintain its status as a National Shrine.

For Minor Construction, the Administration’s budget request of \$550.1 million would reduce the account from its FY10 level by over \$235 million. However, the costs of repairing all of the facilities in need of repair—via minor construction and non-recurring maintenance funds—would total \$10 billion.

While VA’s new Strategic Capital Investment Plan (SCIP) is a useful baseline for future capital planning and while it succeeds in some areas, it fails to express an overarching national vision on VA’s capital investments and their impact on the delivery of health care. SCIP has identified \$53–65 billion in improvements that should be made over the next ten years to ensure that facilities keep up with advances in health care, prevent excessive deterioration, and maintain facilities that are able to meet the pace of demand. Keeping in mind that the average VA building is approximately 60 years old, and that funding for repairs and maintenance has been historically limited, VA must begin to define an overarching national strategy based on the gaps defined in SCIP. Among the proposals in the President’s budget request are \$1 billion for new facility projects, \$700 million for leases, and \$700 million for facility renovation projects. In this difficult financial environment, VA is advised to outline a comprehensive national plan to meet its physical infrastructure needs in the most timely and cost-effective method.

In the absence of such a plan, the Undersigned Members support the President’s budget request for Major and Minor Construction. We expect that in future years, SCIP will better define VA’s nation-

wide strategy on physical infrastructure that will allow for timely and cost-effective delivery of health care.

#### *4. Policy Highlights:*

*Women Veterans:* Women veterans are the fastest growing segment of veterans. The percentage of women veterans is expected to rise substantially over the next two decades. While VA is an institution originally designed and focused toward serving male veterans, there is a crucial need to adapt to this change in the veteran population.

The Undersigned Members support the President's request for an additional \$28 million in funding for women veterans. An increase in the FY12 budget toward women veteran specific programs is a positive sign that VA is making an effort to quickly improve services for the rapidly growing number of women veterans.

The Undersigned Members encourage VA to maximize its use of existing legislative tools and already appropriated funding to finish implementing Title II of Public Law 111-163, the Caregivers and Veterans Omnibus Health Services Act of 2010, which contains six vital provisions, including a childcare pilot program.

*Homeless Veterans:* In an effort to end homelessness among veterans, VA proposes to enhance its current efforts to house homeless veterans by expanding the capacity of its programs to assist homeless veterans. Included in this funding are programs to provide timely interventions, such as supportive services to veterans at risk of becoming homeless through the Department of Housing and Urban Development (HUD) and VA pilot programs to help OEF/OIF/OND veterans, per diem grants for community-based programs, intensive case management services for HUD-VA Supported Housing (HUD-VASH) voucher recipients, among other programs.

The Undersigned Members support the President's request for an additional \$139.4 million, to ensure that VA maintains its commitment to ending veteran homelessness by the year 2015.

Permanent supportive housing has been recognized by both VA and the United States Interagency Council on Homelessness as a key component of the plan to end veteran homelessness, and we support its continued growth. While it is outside of our purview, the Undersigned Members would also like to express our commitment to maintaining sufficient HUD funding to support the appropriate number of HUD-VASH vouchers.

#### *B. Medical Support and Compliance*

The Medical Support and Compliance appropriation provides funding for the expenses of management, security, and administration of the VA health care system. Such costs include operation of VA medical centers, Veterans Health Administration (VHA) headquarters, VISN offices, Facility Director offices, Chief of Staff operations, quality of care oversight, security and legal services, billing and coding activities, procurement, financial management, and human resource management.

The President's FY12 and FY13 estimates for the Medical Support and Compliance appropriation are based on an actuarial analysis founded on current and projected veteran population statistics, enrollment projections of demand, and case mix changes associated with current veteran patients. This amount also includes a \$111

million rescission of funds as part of the President's freeze on pay for Executive Branch employees.

We support the President's recommendation of \$117 million in funding over FY11 levels for Medical Support and Compliance.

### *C. Medical Facilities*

The Medical Facilities account includes funding for non-recurring maintenance, project management, construction design and planning, facility operations, and other costs. We specifically are delighted to see that the President's budget submission directs a minimum of five percent of all non-recurring maintenance to medical research facilities. The Department's research facilities are in poor condition and have historically had difficulty in receiving funds to conduct needed maintenance.

We support the President's recommendation for \$364 million less in funding over FY11 levels for Medical Facilities, with an exception. VA has currently identified \$10 billion in facility condition deficiencies, which increase operating costs and potentially pose safety hazards. We note with concern that the decrease in non-recurring maintenance funding of \$241 million may exacerbate the problem.

The Undersigned Members expect that the funding level for non-recurring maintenance will be adequate to maintain current levels of services and ask that funding be redirected to correcting these deficiencies.

### *D. Medical and Prosthetic Research*

VA medical and prosthetic research is key to advancing health care in the nation, not only for veterans, but for the population at large. As the nation's largest health care network, VA has unparalleled resources with which to conduct research, including its cadre of dedicated physician researchers. It is for this reason that the Undersigned Members are concerned by the Administration's request to cut funding for this account by \$72 million. VA's request includes eliminating 82 research projects and \$40.58 million in cuts to other ongoing research.

The Undersigned Members recommend a total of \$581 million for FY12, which is equal to the FY11 amount, and \$72.2 million above the President's request for FY12.

### *E. Information Technology*

The President's budget for Information and Technology (IT) funding represents a decrease of \$146 million from the estimated FY11 funding level.

VA's IT budget submission outlines 16 major transformative initiatives, operations and maintenance of existing infrastructure, and IT security that will be supported by this request. According to VA, these initiatives will fund efforts to create a paperless claims system; lifetime electronic medical records enhancements; veteran relationship management software; and infrastructure and reinvestment to maintain the over 330,000 desktop computers within VA.

While VA's IT development and management has improved in recent years, the Committee's concerns must be noted. Specifically, we are concerned about how DOD and VA are working to realize the joint Presidential initiative—the Virtual Lifetime Electronic

Record (VLER)—launched in April 2009. VLER was designed with the goal of closing the data gap between active duty and veteran status and providing automated information access to veterans and their families. VLER is scheduled to allow system wide health data exchange in 2012, with expanded types of records exchange by 2015. To date, however, slow progress has yielded only two small-scale pilots exchanging health data across DOD, VA, and the private sector. More health records exchange sites are planned for later this year. However, it is unlikely that VA and DOD will meet the 2012 goal of full integration of electronic health records.

In general, however, the Undersigned Members are pleased to laud VA's progress in managing project schedules, costs, and performance under Project Management Accountability System (PMAS). Further transparency has been gained by publishing an on-line dashboard of ongoing IT projects. As a result, PMAS has exceeded an 80 percent success rate of meeting project milestones. All IT projects, from health informatics research to paperless claims processing, are managed by PMAS. Recently, PMAS called for the halting of the development of a software program due to cost and schedule overruns. This was an appropriate response which reinforces the purpose of PMAS: to ensure that projects are completed on time and on budget.

The Undersigned Members agree that Congress should invest in transforming VA into a 21st Century organization, while carefully monitoring these developments.

#### *F. Compensation, Pension, and Burial Staffing and Training*

VA must take aggressive action to improve the claims adjudication process, with a focus on training and quality. The Undersigned Members believe the Administration's request for compensation, pension, and burial staffing in FY12 is necessary to mitigate the impact of the recent decision to extend presumptive service-connection for certain conditions associated with exposure to Agent Orange, an increase in claims receipts, and a growing complexity in claims adjudication.

*Staffing:* For FY12, the President requests 15,983 Full-time Equivalent (FTE) for compensation, pension, and burial staffing. This represents a slight increase over the FY11 level.

*Workload:* The disability claims workload from OEF/OIF veterans, as well as from veterans of earlier periods, has continuously increased since 2000. For example, annual claims grew from 788,298 in 2005 to 1,192,346 in 2010. In 2011, VA anticipates claims receipts will rise to 1,480,492. Of that amount, approximately 230,000 will be Agent Orange-related claims for one of the three new presumptive conditions (Ischemic Heart Disease, Parkinson's Disease, and Hairy Cell Leukemia and other chronic B-cell Leukemias). Of those claims, approximately 93,000 are covered by the Nehmer settlement—meaning they were previously denied and must be readjudicated.

Claims received by VA are increasingly complex and require more time to develop and rate. In 2010, original claims for compensation with eight or more claimed issues increased from 43,655 in 2005 to 70,620 in 2010—a 62 percent increase.

In addition, VA anticipates that reopened claims for increased benefits will continue to grow as compensation recipients, many of

whom suffer from chronic progressive disabilities (such as diabetes, mental illness, and cardiovascular disease) age, and their conditions worsen. During 2010, reopened disability claims made up 59 percent of all disability claims received.

*Timeliness:* VA estimates that, even with its direct labor FTE, it will take an average of 230 days to complete a compensation and pension rating-related claim during FY12. This is 105 days longer than VA's strategic target—125 days. The Undersigned Members believe that VA must be able to absorb new court decisions, changes in legislation and regulation, and the impact of other unforeseen events, and, above all, to avoid becoming paralyzed to the detriment of the veterans who rely on it. The Undersigned Members additionally believe that this cannot be accomplished through staffing alone and will monitor VA's other initiatives, including the Veterans Benefits Management System (VBMS), which seeks a favorable impact on the system.

The Undersigned Members will continue to monitor VBA's staffing requirements and output in FY12. We also will look to the Administration to show how it is holding managers and employees accountable for performance given the resources that will be provided.

*Veterans Benefits Administration (VBA) Information Technology:* The President's FY12 budget submission includes \$70 million for the Secretary's IT transformational initiative. VBMS is VA's proposed paperless IT solution that the Department plans to deploy nationwide by 2015. It is designed to be the platform to pull together all software related to disability claims. VA plans to deliver new functionalities to VBMS monthly under its "agile software development model," allowing continual improvement and expanded functionality. VA believes that, over time, VBMS will more efficiently enable claims processing by reducing the time it takes to adjudicate a claim by eliminating the use and handling of paper claims folders.

The Undersigned Members support the President's request in this area and intend to conduct rigorous oversight of VA's deployment of VBMS.

*Training:* The President's FY12 budget submission for VBA's Office of Employee Training and Development includes \$12.9 million for training of Compensation and Pension (C&P) personnel. According to VA, this funding would support entry-level training for new claims processors, on-line training for new and experienced claims processors, nationally standardized lesson materials for local delivery to experienced claims processors, and electronic performance support systems to accelerate claims-processing decisions.

The Undersigned Members are disappointed that the President's Budget request did not provide many particulars on training for C&P staff to enable the Committee to better understand the effect of training—and what more can be done to assure accuracy in claims adjudication. Given the Secretary's commitment to improve quality to 98 percent by 2015, the Undersigned Members believe that the Department should provide greater details on how the Department intends to reach this goal, and what role training will have in improving quality to this extent. The Undersigned Members believe that training is an essential component of any strategy to improve the timeliness and accuracy of claims processing and

hope that the quality of claims that are adjudicated will not suffer as VA undertakes this effort.

#### *G. Board of Veterans' Appeals*

The Board of Veterans' Appeals (BVA or Board) is responsible for making final Departmental decisions on behalf of the Secretary for the thousands of benefits claims presented for appellate review annually. From 2008 to 2010, case receipts at the Board increased by 22 percent. On average, BVA receives on appeal 5 percent of all claims decided by VA. From 2008 to 2012, the Board expects a 63 percent increase in case receipts from 40,916 to 66,000.

The President's FY12 request for BVA is \$78 million, which would support 544 FTE and allow the Board to sustain the FY11 level of FTE. With this level of funding, the Board anticipates that it will be able to reduce its appeals resolution time by 5 days, from 695 to 690, in 2012. BVA's strategic target is 675 days.

The Undersigned Members agree with the President's assessment and support the request. However, we will monitor BVA's caseload to reassess staffing needs if necessary.

#### *H. Education*

The VBA's Education Service provides veterans, servicemembers, Reservists, and certain family members with educational resources. The implementation of the Post-9/11 Veterans Educational Assistance Program has presented a challenge to VA in terms of making timely and accurate payments since its effective date on August 1, 2009. The enactment of the Post-9/11 Veterans Educational Assistance Improvements Act of 2010 early this year as Public Law 111-377 is expected to present an additional hurdle for delivery of benefits.

The President's FY12 budget request calls for a reduction in FTE from the FY11 level—from 1,812 to 1,595. At the same time, there is a surge in the number of anticipated claims receipts over the actual FY10 levels, as well as changes mandated by the new public law, which need to be integrated into the program. The Undersigned Members are aware of the improvements in education claims processing times as a result of the implementation of the GI Bill Long Term Solution software. This software will also begin to accept education claims on line, which may further improve processing times. At this time, we have no justification for recommending any increase over the President's recommendation. However, the Undersigned Members intend to monitor the situation closely and will recommend additional resources if necessary.

#### *I. Vocational Rehabilitation and Employment*

The Vocational Rehabilitation and Employment (VR&E) Program provides training, education, and other services to enable veterans to obtain and maintain employment after sustaining service-connected disabilities. The President's FY12 budget request calls for an increase of \$15.2 million over FY11 and FY10. The VR&E workload has continued to grow, with an expected 10 percent caseload increase in FY12. The President's request would also allow for greater outreach by co-locating counselors on college campuses with the VetSuccess program. The Undersigned Members support this initiative. In addition, the President's FY12 budget request in-

cludes funding to extend—VR&E services to those servicemembers who are enrolled in the Integrated Disability Evaluation System (IDES) program. However, VA and DOD have not provided a detailed plan to support this initiative. Although we strongly support efforts to provide appropriate vocational rehabilitation services for veterans with service-connected disabilities, we currently have no basis for assessing the potential value of this initiative. We recommend the Budget Committee withhold funds that support this initiative until VA and DOD provide a detailed plan outlining the role of VR&E in IDES.

*J. Department of Labor, Veterans' Employment and Training Service*

The Veterans' Employment and Training Service (VETS) of the Department of Labor provides veterans and transitioning servicemembers with resources and services designed to maximize employment opportunities, protect employment and re-employment rights, and achieve positive employment outcomes.

The President's FY12 budget proposes an increase of \$2 million in the amount designated for the Transition Assistance Program (TAP). The resources available for TAP should permit VETS to deliver more than 6,100 Employment Workshops to separating servicemembers throughout the world. In addition, the Administration's budget request includes an additional \$3 million for the Homeless Veterans' Reintegration Program (HVRP), which is focused on placing homeless veterans into jobs. This increase for HVRP will allow VETS to provide services to nearly 27,000 homeless veterans—including populations at increased risk such as incarcerated veterans re-entering the community, homeless women veterans, and veterans with dependent children who are homeless. This funding supports the inter-agency initiative to end homelessness among veterans.

The Undersigned Members are concerned by the unacceptably high rate of unemployment among veterans from the current conflicts who are encountering difficulties making a transition to civilian life. This, in turn, causes concern about the effectiveness of existing employment and training programs for veterans, and the Committee will closely examine whether modifications are necessary. In the meantime, we would recommend that \$24 million be reallocated within the President's budget request in order to permit the Committee to consider legislation to address the employment needs of veterans. Although the Committee has not yet agreed to a path forward, we expect that legislation will be introduced in the very near future to initiate the process. This change would increase the budget request for VETS to \$285 million.

*K. Court of Appeals for Veterans Claims*

The CAVC, a legal body independent of VA, is vested with the authority to review decisions of the BVA regarding veterans' and family members' entitlement to benefits offered by VA. The Court is empowered to affirm, vacate, reverse, or remand decisions made by BVA, as well as compel actions of the Secretary, where such action is necessary to bring VA into accordance with the law. During FY10, the Court received 4,341 case filings—a drop from the 4,725 filed in FY09.

The Court's budget request of roughly \$55.8 million for FY12 is approximately \$34 million less than the FY11 requested level of \$90 million. Of the \$90 million, \$62 million was a proposed increase attributable to the construction of a new courthouse. The construction estimate was, at the time of the Court's FY11 request, consistent with the General Services Administration's (GSA) estimate of the costs of land acquisition and construction for the courthouse. Since then, the GSA estimate has been modified to \$117 million—not including the cost of acquiring the parcel of land that the Court would like to build upon.

The Court's FY12 request includes \$25 million toward the construction of a new courthouse. At this time, the Undersigned Members cannot support the requested funding for the courthouse given the health care and benefits needs of veterans across the nation.

The Veterans Consortium Pro Bono Program requests approximately \$2.7 million for FY12, an increase of \$211 thousand over the level requested for FY11. The Pro Bono Program recently brought on a new Executive Director and has taken steps to become a stand-alone entity—the increase in funding would cover the additional costs associated with this goal. The Undersigned Members look forward to hearing details of the Program's goal of becoming a stand-alone entity and how this would affect the function and funding-needs of the Program in future years.

#### *L. Office of Inspector General*

The work of the VA Office of the Inspector General (IG) has made significant contributions to management effectiveness throughout VA. The IG conducts vital oversight investigations and audits of various aspects of the Department's operations and budget.

Unfortunately, the President's request of \$109 million would virtually flat-line funding for the IG's office for the third straight year. At this level of resources, the IG's office would have to further triage reactive oversight work requested by the Secretary and the Congress. Funding the IG's office at the level of the President's request may also increase risks for veterans in the critical areas of quality of health care; quality and timeliness of claims processing for monetary benefits; and the transition back to civilian life for OEF/OIF/OND servicemembers.

The Committee relies heavily on the IG's office for unbiased investigations and audits. The Undersigned Members recognize the importance of this office and recommend that \$9 million be provided over the President's request to allow the IG's office to continue to address problem areas as they arise, and allow for new oversight initiatives—including homelessness, mental health, and Information Technology.

### III. MANDATORY ACCOUNT SPENDING

The Undersigned Members support the President's FY12 budget request that would provide \$70.3 billion for mandatory benefits. In addition, the Undersigned Members recommend that sufficient off-sets be identified to end the COLA round-down.

*A. Cost-of-Living Adjustment*

Under current law, the COLA applied to veterans' disability compensation and survivors' Dependency and Indemnity Compensation is rounded down to the next lowest whole dollar. VA compensation is sometimes the sole source of income for a veteran and his or her family. Over time, the effect of a COLA round-down can be substantial. We owe it to our nation's veterans to provide them with appropriate compensation, the value of which should not be reduced by inflation. Although the legal authority for an automatic COLA round-down is set to expire in 2013, we recommend that sufficient offsets be identified to end the COLA round-down ahead of schedule.

The Undersigned Members recommend that the Budget Resolution include sufficient funding to not impose a COLA round-down.

IV. CLOSING

We thank the Budget Committee for its attention to the Undersigned Members' views and estimates of the Administration's Fiscal Year 2012 budget. We look forward to working with the Budget Committee to craft a budget for veterans' programs that truly meets the needs of those who have served our country.

Sincerely,

PATTY MURRAY,  
*Chairman.*  
JOHN D. ROCKEFELLER IV.  
DANIEL K. AKAKA.  
BERNARD SANDERS.  
SHERROD BROWN.  
JIM WEBB.  
JON TESTER.  
MARK BEGICH.

RICHARD BURR,  
*Ranking Member.*  
SCOTT P. BROWN.  
JOHN BOOZMAN.

*B. Second Session (2012)*

Pursuant to the requirements of section 301(d) of the Congressional Budget Act of 1974, Chairman Murray submitted a letter to the Budget Committee reflecting the Committee's Views and Estimates on the Administration's proposed fiscal year 2013 budget for veterans' programs. The letter submitted is printed below in its entirety:

PATTY MURRAY, WASHINGTON,  
CHAIRMAN  
JOHN D. ROCKEFELLER IV, WEST VIRGINIA  
DANIEL K. AKAKA, HAWAII  
BERNARD SANDERS, VERMONT  
SHERROD BROWN, OHIO  
JIM WEBB, VIRGINIA  
JON TESTER, MONTANA  
MARK BEGICH, ALASKA  
KIM LIPSKY, STAFF DIRECTOR

## United States Senate

COMMITTEE ON VETERANS' AFFAIRS  
WASHINGTON, DC 20510

March 9, 2012

RICHARD M. BURR, NORTH CAROLINA,  
RANKING MEMBER  
JOHNNY ISAKSON, GEORGIA  
ROGER F. WICKER, MISSISSIPPI  
MIKE JOHNSON, NEBRASKA  
SCOTT P. BROWN, MASSACHUSETTS  
JERRY MORAN, KANSAS  
JOHN BOOZMAN, ARKANSAS  
LUPE WISSEL,  
REPUBLICAN STAFF DIRECTOR

The Honorable Kent Conrad, Chairman  
The Honorable Jeff Sessions, Ranking Member  
Senate Budget Committee  
624 Dirksen Senate Office Building  
Washington, DC 20510

Dear Chairman Conrad and Ranking Member Sessions:

Pursuant to Section 301(d) of the Congressional Budget Act of 1974, I write to provide my views and estimates to the Committee on the Budget on the Fiscal Year 2013 (FY13) budget request for those functions under the Committee on Veterans' Affairs' jurisdiction.

At the outset, I would like to emphasize support for the President's request for veterans' programs. Although the budget climate continues to be difficult, programs for America's veterans hold a unique place within the Federal budget. Given this, I remain confident that all veterans programs, including health care, will be exempt in the event of sequestration. However, because of the significant impact a reduction to medical care would have on the Department of Veterans Affairs' (VA) ability to provide timely and quality care, I will continue to work to provide clarity on this issue.

I am particularly supportive of the President's budget request of \$76.4 billion in mandatory spending, which is a \$10.6 billion increase above last year. Several factors are driving this increased level of mandatory spending. They include: presumptive service-connection for certain conditions associated with exposure to Agent Orange, an increase in claims receipts, and utilization rates of the Post-9/11 GI Bill. I believe this funding level reconfirms our Nation's obligation to disabled veterans.

On the discretionary side, the President's budget request of \$64 billion is a \$2.7 billion increase above last year's level. Health care spending accounts for most of this increase. I am pleased with the emphasis that the President has placed on veterans' programs with this level of funding. However, as noted below, I do have a few concerns:

**Construction and Non-Recurring Maintenance.** The President's FY13 budget request reflects a continued trend of reduced funding for major construction and non-recurring maintenance – by \$57 million and \$158 million respectively. VA's Strategic Capital Investment Plan has identified \$51 to \$62 billion in improvements that must be made to ensure that all veterans have access to high quality care that is close to home and that women veterans can receive services in a safe and secure environment. Included within these improvements are \$9 billion to fix identified facility condition deficiencies. I am extremely concerned that continually decreasing funding is both insufficient to meet these needs and may result in patient safety risks.

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Given that the government will see decreased spending due to the end of overseas contingency operations, I suggest that construction and upkeep at VA's facilities take a high profile role in any discussion about expending these funds elsewhere. VA's facilities are aging and as servicemembers continue to return from overseas conflicts, VA's capital assets will begin to feel the strain. We must ensure that sufficient funding is allocated to construct a VA that is built to last.

**Office of Inspector General (IG).** Through its work, the IG has made significant contributions helping VA improve its management effectiveness. The IG conducts vital oversight investigations and audits of various aspects of the Department's operations and budget. The President's budget request of \$113 million, a \$1 million increase over last year's enacted level, would virtually flat-line funding for the IG's office in FY13. At this level, the IG's ability to perform oversight work requested by the Secretary and Congress, and to respond to issues identified by VA employees and veterans, would be further limited.

The Committee relies heavily on the IG for unbiased investigations and audits. The work of the IG regularly results in saving significantly more money than is invested for their work. This includes returning \$86 for every \$1 spent over the April 2011 to September 2011 period. Therefore, I recommend that \$1 million be provided over the President's FY13 budget request to allow the IG's office to continue to address problem areas as they arise, and allow for new oversight initiatives.

**State Veterans Homes.** In recent years, a weakened economy, decreasing tax revenues and budget shortfalls have hampered states' abilities to make available the matching funds required in order to be awarded Federal Grants for State Extended Care Facilities, commonly referred to as State Home construction grants. Under this program, VA provides 65 percent of the cost of the construction projects, with states providing a matching 35 percent of the overall funding. Since the financial crisis began in FY09, many states have chosen to defer needed investments in their state homes in order to help balance very difficult state budgets. As a result, many previously proposed State Home construction projects were removed from VA's construction grants priority list. However, over the past year, as states have found ways to resolve their internal budget problems, they have begun to make additional funding available for State Home construction projects. As a result, the backlog of pending State Home construction projects has begun to rise again, with the estimated cost for Federal share climbing from \$650 million in FY11 to \$714 million for FY12. Importantly, the total Federal share for the top priority list – those affecting life, safety and other urgent needs, and for which states have certified the availability of matching funding, has risen from \$296 million in FY11 to \$322 million in FY12, an increase of \$26 million. This trend is expected to continue in the coming years, as more states find themselves financially able to commit resources for State Home construction projects.

The President's FY13 request of \$85 million is the same level requested for FY12 and for FY11. For the above reasons, I recommend that \$15 million be provided above the President's FY13 budget request for Grants for State Extended Care Facilities. Increased funding is necessary to allow important projects like the Walla Walla state veterans home, which has begun the design

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phase and is expected to receive the remaining state construction dollars shortly, to move forward and to address the identified unmet need for 642 new state veteran home beds in Washington State.

**Board of Veterans' Appeals.** The President's request will support 527 FTE, which is a slight decrease from previous years. On average, the Board of Veterans' Appeals (BVA) receives on appeal five percent of all claims decided by VA. Based on this historical average and the continued increase in the number of claims being received by VA, it is anticipated that the number of appeals will also continue to rise. I will closely monitor BVA's caseload and whether process and operational changes result in an increase in decisions, and will use this information to reassess staffing needs if necessary.

**Education Service.** The President's request for the education service includes a 193 FTE reduction from the FY12 level at a time when: a significant new program that was included as part of Public Law 112-56, the VOW to Hire Heroes Act of 2011, will increase Montgomery GI Bill usage substantially; 50,000 additional beneficiaries will begin utilizing GI Bill programs; and the time it takes to process a new education claim is 24 days, which is 14 days over VA's strategic target. I will continue to evaluate VA's performance in this area and will reassess the President's staffing reduction if it appears that VA is unable to process education claims in a timely and accurate manner.

**Employment and Training.** With the passage of the VOW to Hire Heroes Act of 2011, Congress recognized that a greater emphasis needs to be placed on training and employment programs for transitioning servicemembers and veterans. Although that legislation was fully paid for on final passage, if funding issues arise as we move forward on implementing specific provisions, I will recommend additional funding be provided to carry out the provisions of that law as Congress intended.

Finally, questions remain regarding the President's \$1 billion Veterans Job Corps initiative. The source of funding for this initiative has yet to be identified. I will monitor this effort and provide additional views as necessary.

**Mental Health Care.** The President has requested \$6.2 billion for mental health care for FY13, which is a slight increase from FY12. VA acknowledged it may need more resources to meet the high demand for mental health care, and I am concerned that the proposed five percent increase may not be enough. In FY11, Iraq and Afghanistan veterans' demand for mental health increased by approximately 18,000 veterans each quarter. A number of oversight efforts are underway to evaluate the accessibility and quality of VA mental health care services, including staffing levels, vacancies, and the sufficiency of current resources. Although I support the President's request, should it become apparent that the proposed increase is insufficient to meet rising demand and decrease long wait times, additional resources should be provided.

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***Savings and Collections. Operational Efficiencies and Collections.*** VA has proposed a number of cost saving initiatives, including \$1.28 billion in efficiencies in health care alone. However, GAO reported that in FY12, VA's estimated savings from its six operational improvements did not occur or could not be proven. Considering that the operational efficiencies proposed for FY13 are either the same or substantially similar to those proposed in FY12, I am concerned there will be similar shortcomings this next fiscal year. A contingency plan from VA is necessary to ensure that the provision of health care will not suffer if the Department fails to meet its cost savings targets in FY13, and I have requested that they provide such a plan to the Committee. Failure to achieve these cost savings targets could impact medical centers and services, as VA may need to make cuts to cover resulting funding gaps. I am concerned about the potential effect on health care services if VA fails to meet its goals.

I am also concerned with the Department's recurring challenges in billing and collections. A recent IG report found that VA's inability to identify billable opportunities and to subsequently collect those amounts meant that the Department would fail to collect approximately \$553 million over the next five years. The IG also found that VA's efforts to implement Consolidated Patient Accounting Centers have not improved VA's effectiveness in this regard, and in fact that these centers were no more effective than facilities that conducted no reviews of billings at all. The Department actually collected \$582.5 million less in FY11 than it had projected it would. For FY12, the Department is already expecting to fall short of its original projections by \$311 million.

VA must do a better job of both accurately projecting what it will collect and in collecting the full amount that it should. Failures to meet these targets mean that VA health care must find ways to make up the difference. It is my expectation that, should these or other cost savings or revenue generating initiatives fail to meet the targets set, that VA will notify the Committee and work to ensure sufficient resources are available. I will continue to exercise oversight of these initiatives, including the accuracy of VA's projections for health care demand, and I have requested the Department generate a contingency plan to ensure VA health care and services are not negatively affected in a scenario in which the Department does not meet its savings and collections targets.

***Wasteful Spending and Contracting Oversight.*** As part of the Committee's focus on reducing wasteful spending, earlier this year I asked VA to evaluate whether operational efficiencies and cost savings could be achieved by realigning functions within the Offices of Health Information (OHI) and Informatics and Analytics (OIA) into other offices within the Department. Specifically, I asked VA to analyze whether functions performed by these offices are duplicative of functions already performed by the Office of Information Technology, and other offices in VHA.

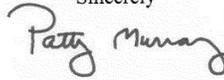
I also expressed concern about the oversight and operation of these offices. According to the most recent Department data for FY 2011, OHI and OIA obligated a combined \$117.9 million for goods and services contracts. It is incumbent upon the Department to ensure that for each of these contracts a clear business case exists, and that each contract adds value, is not duplicative

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of other contracts and is cost effective. These issues highlight the need for VA to ensure it is carefully and appropriately spending taxpayer dollars, and ensuring that as much of its funds as possible are directly benefiting veterans. The savings that VA realizes from improvements in contracting, and the increased efficiencies resulting from realigning the functions of OHI and OIA, should be redirected to critical needs in direct patient care, and to address the areas of concern I have outlined above.

I thank the Budget Committee for its attention to my views and estimates of the Administration's Fiscal Year 2013 budget.

Sincerely

A handwritten signature in cursive script that reads "Patty Murray". The signature is written in black ink and is positioned above the printed name.

Patty Murray  
Chairman

COMMITTEE ON VETERANS' AFFAIRS

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KIM LIPSKY, *Staff Director*

LUPE WISSEL, *Republican Staff Director*

