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ONE HUNDRED ELEVENTH CONGRESS

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WASHINGTON, DC 20515

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March 13, 2009

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

Dear Mr. Chairman:

Pursuant to § 301(d) of the Congressional Budget Act of 1974, and House Rule X, clause 4(f), and Rule 7 of the Rules of the Committee on Veterans' Affairs, the Committee on Veterans' Affairs hereby submits its Views and Estimates with regard to programs and matters within the jurisdiction of the Committee to be set forth in the concurrent resolution on the budget for fiscal year 2010. The Minority will be submitting Additional and Dissenting Views under separate cover.

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

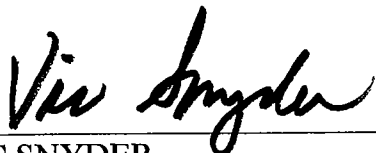
Sincerely,



BOB FILNER
Chairman



CORRINE BROWN



VIC SNYDER



MICHAEL H. MICHAUD

Honorable John M. Spratt, Jr.

March 13, 2009

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STEPHANIE HERSETH SANDLIN

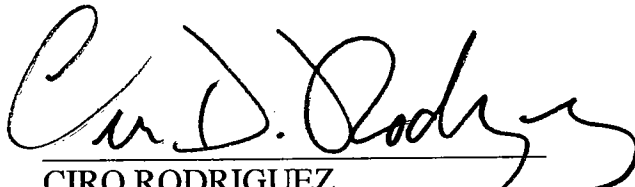

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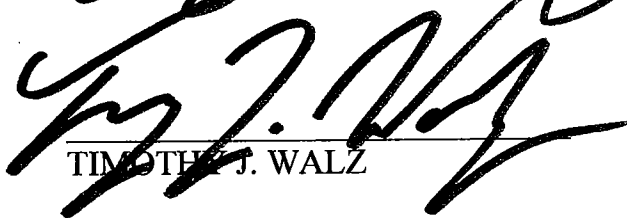

HARRY TEAGUE

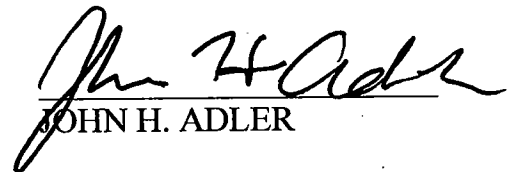

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Committee on Veterans' Affairs
U.S. House of Representatives
111th Congress

Views and Estimates
FY 2010

March 13, 2009

Introduction

On February 26, 2009, the Administration submitted its preliminary FY 2010 budget. This 134-page document, entitled *A New Era of Responsibility: Renewing America's Priorities*, provides scant detail regarding the VA's FY 2010 budget. By necessity, this year's Views and Estimates will not contain the same level of detailed analysis and individual account recommendations as in previous years.

Because of the lack of details regarding non-VA programs in this year's preliminary budget, the Committee will not be making recommendations regarding the Veterans Employment and Training Service of the Department of Labor, the American Battle Monuments Commission, and the U.S. Court of Appeals for Veterans Claims.

Section 1 – Discretionary Accounts

Department of Veterans Affairs

For FY 2010, the Administration is requesting \$52.5 billion for the discretionary accounts of the Department of Veterans Affairs (VA). This request is \$4.9 billion, or 10.3 percent, over FY 2009 enacted levels. The Administration is estimating a total resource level, including medical care collections, of \$55.9 billion for FY 2010. This overall level is \$1.3 billion over the recommendations of the Independent Budget, which is co-authored by AMVETS, Disabled American Veterans, Paralyzed Veterans of America, and the Veterans of Foreign Wars. This year marks the first time in the 23-year history of the Independent Budget that an administration has proposed a budget that exceeds its recommendations.

For the second year, the Independent Budget has included amounts attributable to medical care collections in its funding level recommendation for the Medical Services account. The Independent Budget argues that amounts for discretionary programs of the VA should be fully appropriated and hence collections should not be included. The Independent Budget is silent regarding how resources realized through medical collections should be spent by the Department, or even if the VA should continue to collect for the provision of health care services

for non-service-connected conditions. In order to more accurately compare budget numbers, amounts attributable to medical care collections should be added to the discretionary appropriations request, or conversely, the amount estimated for collections should be subtracted from the Independent Budget request.

The Committee¹ is recommending \$53.3 billion for the discretionary accounts of the Department of Veterans Affairs (VA) for FY 2010. This recommendation is an increase of \$5.7 billion, or 12 percent over the FY 2009 enacted level of \$47.6 billion, and \$800 million, or 1.5 percent, above the Administration's request.

The Administration's number for total resources for discretionary programs for FY 2010 indicates an appropriations level of \$52.5 and an amount attributable to collections of \$3.4 billion. The VA saw an 11 percent increase in collections from FY 2007 to FY 2008, and is estimating \$2.5 billion in collections for FY 2009. The Administration's estimate would represent an increase in collections of \$900 million, or 36 percent, from FY 2009 estimated levels.

The Committee is estimating that the VA will realize at least \$2.8 billion in medical care collections in FY 2010. When this amount is added to the recommended level of appropriated discretionary funding the Committee is recommending an overall level of resources for the VA of \$56.1 billion. This represents an increase of \$200 million over the Administration's proposed total resource level of \$55.9 billion and \$1.5 billion above the Independent Budget recommendation of \$54.6 billion.

The Committee is concerned that the VA may find it difficult to realize an increase of 36 percent in collections using existing authorities, even with the increase in the number of Priority 8 veterans allowed into the system this fiscal year. The Committee recommends that an additional \$600 million above the Administration's request be provided in appropriated dollars in order to safeguard the provision of health care to veterans. The Committee believes this is a prudent step as it awaits further details regarding the Administration's budget request. As further details are provided and the Committee is assured that the VA can collect these additional revenues using current authorities, then the Committee would recommend that these additional dollars be used by the VA to further improve access to care and enhance specialty care programs, including long-term care.

The Committee's recommended funding level for FY 2010 also includes an additional \$200 million to augment the VA account that funds discretionary activities of the Veterans Benefits Administration and the Department's General Administration activities. The Committee recommends providing this increase to safeguard VA claims activities and to assist the Department in beginning its transformation into a 21st Century organization, a goal outlined by the new Administration.

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

FY 2010 VA Discretionary Budget Request
(\$ in billions)

	FY 2009 Enacted	FY 2010 Independent Budget	FY 2010 President's Request	FY 2010 Committee Recommendation	<i>Committee vs. Enacted</i>	<i>Committee vs. President's Request</i>
VA Discretionary	\$47.6	\$54.6* (\$51.8)	\$52.5	\$53.3	+\$5.7	+\$0.8
Medical Care Collections	\$2.5	\$0	\$3.4	\$2.8	+\$0.3	-\$0.6
Total Resources Discretionary (with collections)	\$50.1	\$54.6	\$55.9	\$56.1	+\$6.0	+\$0.2

* To assist in the analysis of the varying budget proposals, the figure in parentheses (\$51.8) represents the Committee's estimate as to collections subtracted from the recommended level in order to better compare realistic appropriations levels.

The Committee is pleased to note that the Administration's budget request marks a sharp departure from Bush Administration budgets in assuming out-year increases for veterans' spending. For FY 2009, the Bush Administration submitted a budget that assumed a net five-year cut of \$20 billion. The preliminary budget for FY 2010 assumes a five-year increase of \$25 billion over baseline estimates.

When the Administration submits a detailed budget in April, the Committee plans to revisit its recommended funding level, if warranted. The Committee believes that its recommended level of \$53.3 billion provides the resources to enable the VA to meet its responsibilities in FY 2010 in all VA accounts, but retains an interest in ensuring that specific accounts are funded at sufficient levels.

The Committee remains committed to working diligently to ensure that VA budgets are sufficient to meet the needs of veterans and are in place at the beginning of the fiscal year. The Committee plans on addressing innovative ideas, such as advanced appropriations and other budgetary reforms, to ensure that veterans get the dollars they need when they need them and the VA is better able to plan and forecast to meet the challenges ahead.

VA Medical Care

VA medical care is considered to be comprised of three accounts: Medical Services, Medical Support and Compliance, and Medical Facilities. These three accounts, and Medical and Prosthetic Research, make up the funding levels for the Veterans Health Administration (VHA).

Including the recommended additional funding, the Committee believes that the proposed FY 2010 budget provides sufficient resources to provide the necessary funding levels for veterans' medical care. When the Committee's estimated collections level is factored in, the Committee believes that VHA accounts should be funded at levels that at least match the Independent Budget request. The Committee expects the VA to provide a robust research budget that does not rely on the ability of VA researchers to obtain other Federal research dollars in order to achieve increases above FY 2009 levels.

Consistent with the Committee's focus on improving health care access for rural veterans, the Committee will work to ensure that the VA's Office of Rural Health is sufficiently funded and staffed at an appropriate level to spearhead and coordinate VA's efforts in this area.

The Committee applauds the Administration's efforts to end the enrollment ban on the enrollment of Priority 8 veterans and supports the VA's stated intent to accomplish this incrementally in order to safeguard current quality and timeliness standards. The Committee also looks forward to working with the Administration to improve mental health care treatment and services, as well as improve homeless programs and enhance outreach efforts. The Committee will also continue its focus on providing health care to returning servicemembers and veterans of past conflicts and look for ways to improve the VA's ability to address specific health care needs of veterans.

Departmental Administration Veterans Benefits Administration Information Technology Systems Office of Inspector General

The General Operating Expenses (GOE) account provides discretionary funding for the Veterans Benefits Administration (VBA) and general administrative functions of the Department, including funding the Office of the Secretary, the Assistant Secretaries, the Office of the General Counsel, and the Board of Veterans Appeals. For FY 2009, GOE received \$1.8 billion in appropriated funding.

The Committee recommendation of \$53.3 billion includes an additional \$200 million for the GOE account. The Committee recommends providing this additional level of funding as it awaits further details regarding the Administration's proposal to shift the funding mechanism for contract examinations for disability compensation eligibility from mandatory to discretionary. The Committee is also looking to the Administration to provide the funding necessary to assist the VA as it begins its transformation into an organization more aligned with the needs of veterans and to beef up its strategic planning capabilities.

The Committee will also work to ensure that the VBA has the funding it needs in the short term to hire and train needed claims processors and to work to implement the reforms the VA's disability compensation system contained in P.L. 110-389, the Veterans Benefits Improvement Act of 2008. Over the long term, the Committee looks forward to working with the Administration and the VA to transform this system and utilize all available technologies and processes to address the claims backlog.

The Committee will look forward to receiving detailed funding information regarding the VA's Information Technology Systems (IT) account. The Committee will work to ensure that the VA has the resources to continue reforming its IT operation and that IT functions as a tool to improve the provision of benefits and services to veterans.

The Committee notes that the National Cemetery Administration received \$50 million as part of the American Recovery and Investment Act, P.L. 111-5. The Committee is hopeful that this account will be provided the resources it needs to maintain current services and that additional funding is provided for the National Shrine Initiative.

The Office of Inspector General will be expected to do more in the next fiscal year, and the committee will look to the Administration to provide sufficient funding for this vital operation.

Construction and Grant Programs

For FY 2009, the VA received \$1.9 billion for its Construction, Major Projects, Construction, minor Projects, Grants for Construction of State Extended Care Facilities, and Grants for Construction of State Veterans Cemeteries. The Independent Budget has recommended \$2.3 billion for these accounts for FY 2010.

The American Recovery and Investment Act of 2009, P.L. 111-5, provided \$1.4 billion in funding for the VA, including \$150 million for Grants for Construction of State Extended Care Facilities. The VA, for FY 2009, identified \$434 million worth of Priority Group 1 projects. These projects have State matching funds in place. The FY 2009 appropriation of \$175 million and the \$150 million provided in the Recovery Act would still require an additional \$109 million to meet the total backlog in Priority Group 1 projects. A Funding level consistent with FY 2009 for this program would provide the \$109 million plus provide an additional \$66 million for new projects.

The Committee is hopeful that the Administration will request sufficient construction funding consistent with recent appropriations levels. The Committee looks forward to working with the Administration and the VA to better improve the VA's construction process and better enable the VA to provide the infrastructure needed to match current and future needs. The Committee also plans to work with the Administration and the VA to identify ways that VA can reduce energy consumption and costs and improve environmental sustainability.

Section 2 – Mandatory Accounts

On March 10, 2009, Secretary Shinseki testified before the Committee to outline the Administration's request for FY 2010. The Secretary indicated that the VA's mandatory account requirements would necessitate \$57 billion, an increase of \$9.7 billion, or 21 percent, over FY 2009 levels. The Committee is awaiting further details regarding this increase.

The Committee believes that there are many benefits programs administered by the VA that are in need of modernization, and many that need increases in order to fulfill the original intent of the underlying legislation. The Committee will also look to work with the VA and veterans to consider major overhauls in the manner in which benefits claims are handled to make the claims process a model of fairness and efficiency. Many of these reforms and changes will require additional mandatory expenditures, at least in the short term.

The Committee is cognizant of the need for fiscal restraint and the PAYGO requirements under the Rules of the House of Representatives to offset increases in mandatory spending, and plans on working with other committees, where appropriate, to improve benefits for veterans. The Committee encourages the Committee on the Budget to consider the creation of a reserve fund or other budgetary mechanism that may assist the Committee as it begins the process of examining ways in which to modernize the VA's disability claims system.

**Additional Views and Estimates
Committee on Veterans' Affairs
Fiscal Year 2010**

We agree with the Views and Estimates of the Committee on Veterans' Affairs Majority concerning the funding levels and priorities for veterans health and benefits programs and services for fiscal year 2010. We believe that with these recommendations, the President's budget will meet the needs of today's veterans and begin to address many of the more important challenges facing the Department of Veterans Affairs in the future.

However, we believe there is one issue that is not sufficiently addressed, namely the vital need to reform the budget and appropriations process to ensure that veterans health care programs receive sufficient, timely, and predictable funding, not just today, but far into the future. While funding for veterans health care has increased significantly in recent years, we believe it is essential that the Committee remain dedicated to securing both adequate and timely funding for veterans health care.

The services and operations of the Department of Veterans Affairs have continuously been hampered by a lack of predictable funding. In July 25, 2007, testimony to the Senate Committee on Veterans' Affairs detailed the operational difficulties consistently encountered by VA managers and officials due to the uncertainty of funding and resources.¹ For too many years, the VA has had to make do with insufficient budgets resulting in restricted access for many veterans. We remain concerned that late and unpredictable funding for VA medical care programs will delay the provision of care, diminish the quality of service, and result in less efficient use of funds.

The VA requires an assured source of funding in order to meet the demand for services and adequately maintain operational facilities. We conclude that the budget and appropriations processes for VA medical care programs can be significantly improved through advanced appropriations – a mechanism already utilized by the Committee on the Budget for select federal programs. Earlier this year, legislation was introduced, H.R. 1016, the Veterans Health Care Budget Reform and Transparency Act, which would authorize one-year advance appropriations for veterans medical care programs. An advance appropriation would provide the VA with up to a year in which to plan the most efficient and effective means to deliver care to an increasing number of veterans with increasingly complex medical conditions. The legislation would also improve the transparency of VA's budget forecasting process, in order to aid the Committee on the Budget and the Committee on Appropriations in future development of appropriation bills that provide sufficient funding to meet the best estimate of anticipated demand for veterans health care services.

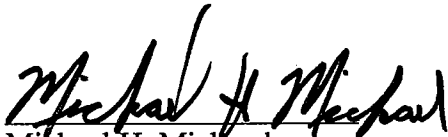
¹ Joseph M. Manley, VA Medical Center Director (Retired), Funding for VA Healthcare, Senate Committee on Veterans' Affairs, 110th Congress 1st Session, 25 July 2007.

James W. Dudley, Mandated VA Funding, Senate Committee on Veterans' Affairs, 110th Congress 1st Session, 25 July 2007.

Former VA Official's Perspective on VA Health Care Appropriations: Operational Difficulties and Political Demands, Senate Committee on Veterans' Affairs, 110th Congress 1st Session, 25 July 2007.

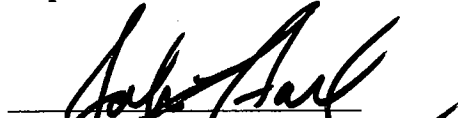
This legislation has been endorsed by virtually every major veterans and military service organization, including the four co-authors of The Independent Budget, the nine members of The Partnership for Veterans Health Care Budget Reform, and The Military Coalition, comprised of 35 military and veterans organizations. The legislation is also actively supported by the American Federation of Government Employees (AFGE). Advance appropriations have also been endorsed by two dozen former senior VA officials, regional and hospital directors, including former Secretary Anthony Principi, former Deputy Secretary Hershel Gober, and four prior Under Secretaries for Health, stretching back to 1994.

Our recommendation is that the Committee on the Budget work with the Committee on Veterans' Affairs to secure advanced appropriations to ensure that VA budgets are not only sufficient, but are available when needed. We intend to collaborate with our colleagues on the Committee on Veterans' Affairs to consider and report this legislation authorizing advance appropriations, working toward Congressional approval and final enactment this year. We ask the Budget Committee to remove any obstacles in the budget resolution to allow advance appropriations for veterans medical care in FY2011. Specifically, Section 302 of the FY2009 Budget Resolution (S.Con.Res. 70) provided a general point of order against advance appropriations. However, the FY2009 Budget Resolution delineated a specific list of programs not subject to that point of order. We recommend that the budget resolution for FY2010 include language that separately exempts all three VA medical care accounts (Medical Services, Medical Support and Compliance, and Medical Facilities) from any point of order against advance appropriations for FY2011.

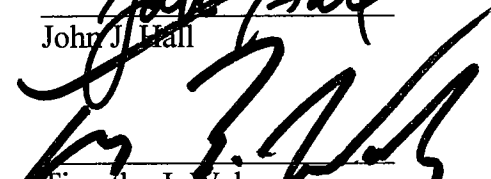

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AND MEMORIAL AFFAIRS
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ENERGY INDEPENDENCE
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Congress of the United States
House of Representatives
Washington, DC 20515-3219

Additional Views and Estimates
Committee on Veterans' Affairs
Fiscal Year 2010

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I write to submit an additional view into the record regarding the House Veterans Affairs Committee's Views and Estimates on the budget for FY 2010. The Committee's funding levels and priorities for veterans' health care display an unparalleled and long overdue commitment to the men and women who served our nation in uniform. However, I write to urge a greater commitment to mental health services, specifically in awarding veterans the compensation owed for the incurrence of Post Traumatic Stress Disorder.

For too long we have heard the harrowing stories of soldiers returning from war, bearing the scars and wounds of battle, only to face an adversarial process in seeking treatment and compensation. This is especially true for soldiers who have Post Traumatic Stress Disorder. In the Iraq and Afghanistan wars alone, over 100,000 veterans have been diagnosed with PTSD. Tragically, however, only 42,000 have been granted service-connected disability for their condition.

This is true for past conflicts as well. The disability claims backlog at the VA tops 800,000, a great majority of which are Vietnam Veterans seeking compensation for PTSD. These facts are a clear indication that current regulations at the VA are too stringent for veterans seeking disability benefits.

Many veterans have lost faith in their government and elected officials because of the hoops they have to jump through at the VA as well as the presumption in current law that they are scamming the system. We must work to restore their trust.

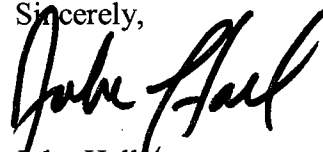
The main prohibitive factor to making the necessary changes is cost, which is why it is imperative that the budget allow for the resources to improve the system. CBO estimates that lowering the burdensome threshold that is currently denying veterans their urgently needed benefits would cost \$4.7 billion over 10 years. While this may seem expensive, a RAND study has determined that the cost of untreated PTSD to our nation could total \$6.2 billion over two years. In order to prevent this catastrophe, the budget needs to adequately fund the compensation that veterans have earned.

There is consensus among veterans that we need to improve the way PTSD claims are handled; legislation to fix the problem has been endorsed by the American Legion, the VFW, DAV, Military Order of the Purple Heart, IAVA, and other VSOs.

Addressing this issue in the budget would raise the profile of this need and publicly state to all those who serve their country that their government is indeed living up to its commitment to the men and women who sacrifice life and limb to defend it.

Again, I want to state that the Obama Administration and the House Veterans Affairs Committee have both done a tremendous job in displaying their commitment to veterans. However, I recommend that the Committee on the Budget work with the Committee on Veterans' Affairs to secure the funding to address this urgent and growing need for mental health compensation.

Sincerely,



John Hall
Member of Congress