Union Calendar No. 505

107th Congress, 2d Session – – – – – – – – – – – House Report 107–804

ACTIVITIES REPORT

OF THE

COMMITTEE ON VETERANS' AFFAIRS HOUSE OF REPRESENTATIVES

ONE HUNDRED SEVENTH CONGRESS

FIRST SESSION

Convened January 3, 2001

Adjourned December 20, 2001

SECOND SESSION

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[1] April 26, 2001—Rep. Collin C. Peterson resigned from the Committee to serve on the Permanent Select Committee on Intelligence.
[2] June 20, 2001—Rep. J.D. Hayworth resigned from the Committee to serve on the Committee on Resources.
[3] August 16, 2001—Rep. Floyd Spence died.
[4] November 7, 2001—Rep. Stephen F. Lynch and Rep. Susan A. Davis were appointed to the Committee.
[5] November 8, 2001—Rep. Jeff Miller was appointed to the Committee.
[6] December 4, 2001—Rep. John Boozman was appointed to the Committee.

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LETTER OF SUBMITTAL

HOUSE OF REPRESENTATIVES,
COMMITTEE ON VETERANS' AFFAIRS,
Washington, DC, January 2, 2003

Hon. JEFF TRANDAHL,
Clerk, House of Representatives,
Washington, D.C.

DEAR MR. TRANDAHL:

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

CHRISTOPHER H. SMITH,
Chairman

FOREWORD

With renewed emphasis on security following the heinous terrorist attacks of September 11th, the role of America's servicemen and women has returned to the spotlight. In the 107th Congress, this led to a renewed focus upon the debts and obligations our Nation owes to military veterans.

The House Committee on Veterans' Affairs took historic steps in the 107th Congress to ensure that 25 million living veterans, including 16 million war veterans, and their survivors are receiving the benefits and services they have earned through their service. Over the past two years, the Committee has worked to expand the scope and improve the efficiency of veterans' benefits and services.

Specifically, the Committee focused upon:

- Providing comprehensive and timely health care to all eligible veterans;
- Properly compensating disabled veterans and their survivors;
- Strengthening and expanding veterans' education and vocational training programs;
- Ending the scourge of homelessness among our veterans;
- Reforming veterans' job training and placement programs;
- Investing in medical research to benefit veterans and homeland security; and
- Ensuring that future veterans' health is properly protected while on active duty.

The Committee pursued these goals through three primary activities: the budget and appropriations process; amending existing statutes and enacting new legislation; and investigating and overseeing the operation of the Department of Veterans Affairs and other federal veterans' programs.

Budget for Veterans Programs.—At the start of the 107th Congress, the Committee conducted a complete review of the budgetary requirements of the Department of Veterans Affairs (VA) and developed a series of recommendations for funding increases in a number of vital program areas. The most critical need for increased discretionary funding was the VA medical care account. From 1995 to 2000, the number of unique patients in the VA health care system rose dramatically from approximately two million to four million veterans. This rapid influx of new patients—in part due to the opening of hundreds of new outpatient clinics across the country, as well as VA's generous prescription drug benefits—had produced an enormous strain on VA's ability to provide both timely and comprehensive medical care.

For fiscal year 2002, the Administration requested a $1.1 billion increase in VA medical care in order to meet the growing demand. After conducting a series of hearing in January and February, and

receiving testimony from both VA and veterans service organizations, the Committee recommended an increase of $2.1 billion for VA medical care for fiscal year 2002.

Overall, the Committee recommended $53.5 billion for the Department of Veterans Affairs for fiscal year 2002, which provided an increase of $2.1 billion over fiscal year 2001 for discretionary programs and $300 million in budget authority to fund an increase in the Montgomery GI Bill (MGIB).

Among the specific components of the Committee's budget recommendation was an additional $141 million for programs serving the chronically mentally ill; $88 million for programs for veterans in need of long-term care; $75 million to hire staff to reduce the time it takes to see a VA physician; $100 million to cover increased pharmacy costs; $68 million for higher emergency care costs, $23 million to restore spinal-cord injury treatment capacity; $30 million for enhancing programs serving homeless veterans; and $30 million for medical and prosthetic research to enable the VA to maintain its research into diseases that affect the veteran population and attract a new generation of researchers.

Congress ultimately adopted a budget that increased VA's health care spending authority by $1.7 billion, and fully accommodated the proposed increases for the Montgomery GI Bill.

The Committee recommended that Congress enhance VA's budget request for fiscal year 2003 with $1.1 billion more than the President requested in order to sustain VA health care for increased enrollment of Priority 7 veterans, those who have no service-connected disability and whose incomes are above poverty levels. The House agreed with the Committee's recommendation, rather than with an Administration proposal for a new $1,500 deductible for Priority 7 veterans.

The Committee also recommended a funding increase of $150 million above the Administration's proposal to meet statutory obligations for new programs approved by Congress and enacted into law during the past few years, including long-term care for older veterans and immediate assistance to homeless veterans. Further, the Committee recommended an additional $200 million to strengthen the VA's security preparedness and role in homeland security.

Congress ultimately agreed with the Committee's recommendation to fund Priority 7 health care and an overall increase in VA health care funding of $2.6 billion.

Legislation.—Improvement of the Montgomery GI Bill, with the goal of increasing both its utility and utilization rates, was a top legislative priority of the Committee in the 107th Congress. With spiraling higher education and specialized training costs eroding the value of the MGIB benefit, the Committee proposed a three-year plan to increase the benefit.

The Committee's proposed MGIB increase become the centerpiece of a comprehensive veterans' benefits law, Public Law 107–103, the Veterans Education and Benefits Expansion Act of 2001. This legislation authorized more than $3.1 billion over five years to expand and increase educational, housing, burial and disability benefits. Signed by President Bush on December 27, 2001, Public Law 107–103 provided increases in the MGIB college education benefit that

will by October 1, 2003, have boosted current benefit levels 46 percent, from $672 to $985 per month for veterans enlisted for three or more years. Over a two year period, Public Law 107–103 will have increased the total MGIB educational benefit for qualified veterans from $24,192 to $35,460. It also increased monthly benefits for veterans with two-year enlistments by 56 percent over two years, from $546 to $800 per month, and increased monthly Survivors' and Dependents' Educational Assistance program payments from $608 to $670 per month for full-time, $456 to $503 per month for three-quarter-time, and $304 to $345 per month for half-time studies.

Other provisions of Public Law 107–103:

- Allow veterans enrolled in academically-intensive, short-term, high-cost programs, such as certified network engineering, to "accelerate" their MGIB benefits by receiving up to 60 percent of their total benefit upfront when they first enroll in the course;
- Restore lost MGIB benefits for reservists and National Guard members called up to active duty;
- Increase VA guaranteed home loans from a maximum mortgage of $203,000 to $240,000;
- Increase Specially Adapted Housing grants for severely disabled veterans from $43,000 to $48,000;
- Increase the Automobile and Adaptive Equipment grant for severely disabled veterans;
- Increase burial and funeral expense benefits by 25 percent and doubles burial plot allowances;
- Make type II Diabetes a service-connected condition for Vietnam veterans exposed to Agent Orange; and
- Add undiagnosed conditions, such as fibromyalgia, chronic fatigue syndrome and chronic multi-symptom illnesses to list of service-connected conditions for Gulf War veterans.

A second major initiative of the Committee was to address the persistent problem of homelessness among veterans. The Department of Veterans Affairs estimates that there are at least 275,000 homeless veterans on the streets of America every night. In order to drastically reduce these numbers, provide services to those who remain homeless and prevent at-risk veterans from becoming homeless, the Committee approved an historic new law that established a national goal of ending chronic homelessness among veterans within a decade.

Public Law 107–95, the Homeless Veterans Comprehensive Assistance Act of 2001, authorized almost $1 billion to aid homeless veterans and prevent at-risk veterans from becoming homeless. As enacted on December 21, 2001, Public Law 107–95:

- Authorizes 2,000 additional section 8 HUD low-income housing vouchers for homeless veterans;
- Authorizes 10 new Domiciliaries for Homeless Veterans programs;
- Authorizes $285 million for the Homeless Grant and Per Diem Program;
- Authorizes $250 million for the Department of Labor's Homeless Veterans Reintegration Program (HVRP);

- Requires VA to provide technical assistance to nonprofit community-based organizations seeking federal funding for homeless programs;
- Requires the VA to provide mental health programs wherever primary care is provided; and
- Earmarks $10 million for medical care for homeless veterans with special needs, including older veterans, women and substance abusers.

The Committee also produced Public Law 107–14, the Veterans' Survivor Benefits Improvements Act of 2001, which added $100 million in new health care benefits for surviving spouses of veterans, and extends life insurance coverage to spouses and children of servicemembers. Public Law 107–14 expanded CHAMPVA to surviving spouses of veterans who die of a service-connected disability; expanded Servicemembers' Group Life Insurance (SGLI) to include spouses and children of servicemembers; provided $100,000 coverage for spouses and $10,000 coverage for children; and made retroactive to October 1, 2000 the increase to $250,000 for the maximum SGLI benefit for servicemembers dying in the line of duty.

Another major new law initiated by the Committee is Public Law 107–135, the Department of Veterans Affairs Health Care Programs Enhancement Act of 2001. This legislation increases health programs for veterans by $1.4 billion. Specifically, it:

- Lowers out-of-pocket hospitalization expenses for lower income veterans by 80 percent to compensate for regional differences in the cost-of-living;
- Requires the VA to establish chiropractic care programs nationwide;
- Authorizes service dog programs for paralyzed and other severely disabled veterans;
- Requires the VA to maintain specialized medical programs—such as for mental illness, spinal cord injuries and prosthetics—in each of the VA's 21 regional networks; and
- Creates new incentive and recruitment programs to attract and retain VA nurses.

Following the attacks of September 11th and the subsequent anthrax attacks, the Committee reviewed the role of the Department of Veterans Affairs in emergency preparedness. After holding public hearings, the Committee reported legislation that eventually became Public Law 107–287, the Department of Veterans Affairs Emergency Preparedness Act of 2002. Public Law 107–287 expands the Department of Veterans Affairs' ability to respond to injuries and illnesses caused by biological, chemical, radiological, and explosive weapons. It increases the VA's role in homeland security, creating new research centers to counter biological, chemical, and radiological terrorism. The law:

- Authorizes the Department of Veterans Affairs to establish four National Medical Emergency Preparedness Centers at VA medical centers to conduct bio-medical research on, and develop health care responses for, chemical, biological, radiological, and explosive weapons;
- Authorizes $100 million over five years to fund the new centers;

- Requires the new centers to provide education, training, and advice to VA and community health care professionals on how to respond to chemical, biological, and radiological emergencies;
- Requires the new centers to provide rapid response laboratory assistance to local health care and law enforcement authorities in the event of a terrorist threat or other national emergency;
- Requires the Secretaries of VA and Defense to carry out a joint program to develop model education and training programs on the medical responses to the consequences of terrorist activities, and disseminate these programs to students of health professions, graduate medical education trainees, and active health practitioners; and
- Authorizes the Secretary to furnish health care during major disasters and medical emergencies to non-veterans, and to collect reimbursement for providing such services.

The Committee also addressed the challenges of employment and job training for veterans, approving Public Law 107–288, the Jobs for Veterans Act. This new law will reform veterans' job training and placement programs in the Department of Labor through a new system of incentives and accountability that:

- Provides veterans and spouses of certain veterans priority for the receipt of employment, training, and placement services in federal job training programs;
- Requires Federal contractors to take affirmative action to employ and advance qualified veterans;
- Authorizes a new program of financial performance incentive awards to States to encourage the improvement and modernization of employment, training and placement services for veterans;
- Changes the funding formulas for veterans' jobs grants to States to reward States that perform well;
- Requires poor performing States to implement corrective action plans and provides technical assistance grants to these States;
- Establishes a system to measure the performance of veterans jobs programs in States;
- Requires each State to have minimum staffing levels for Director for Veterans' Employment and Training (DVET), Disabled Veterans Outreach Program Specialist (DVOPS), and Local Veterans Employment Representatives (LVERs);
- Establishes the President's National Hire Veterans Committee to furnish information to employers on the advantages afforded employers by hiring veterans; and
- Requires a Comptroller General study on effectiveness of implementation of these provisions not later than six months after the conclusion of the program year that begins during fiscal year 2004.

Oversight.—The Committee continued to play an aggressive role overseeing the Department of Veterans Affairs, holding hearings and using other congressional powers to ensure that VA faithfully carries out its statutory mandates in conformity with Congressional intent. During the 107th Congress, oversight hearings were held to examine the Department's information technology programs, VA research corporations, Medical Care Collection Fund (MCCF), claims processing programs, the Veterans Equitable Re-

source Allocation (VERA) formula, Transition Assistance Programs (TAP), and women veterans' programs.

The Committee also examined new revelations about Operation SHAD and Project 112, secret chemical and biological warfare experiments conducted by the Department of Defense during the 1960s with American servicemen. In addition, the Committee pressed the VA to quickly implement the new laws approved during the 107th Congress, particularly Public Law 107–95, the Homeless Veterans Comprehensive Assistance Act of 2001. The Committee also pushed VA to fulfill its obligations for long-term care to veterans as contained in Public Law 106–117, the Veterans Millennium Health Care and Benefits Act.

The success of the Committee in the 107th Congress would not have been possible without the support and participation of Members and staff from both sides of the aisle. The Committee's Ranking Minority Member was the Honorable Lane Evans of Illinois, and I want to thank him for his commitment to working in a bipartisan manner, putting the interests of veterans first. I want to thank the Subcommittee Chairmen and Ranking Members for their hard work on behalf of veterans: the Honorable Mike Simpson, Chairman, and the Honorable Silvestre Reyes, Ranking Member, of the Subcommittee on Benefits; the Honorable Jerry Moran, Chairman, and the Honorable Bob Filner, Ranking Member, of the Subcommittee on Health; and the Honorable Steve Buyer, Chairman, and the Honorable Julia Carson, Ranking Member, of the Subcommittee on Oversight and Investigations. I also want to thank the Honorable J.D. Hayworth, who served as Chairman of the Benefits Subcommittee at the beginning of the 107th Congress, as well as the Honorable Mike Bilirakis, who served as Vice Chairman of the full Committee throughout the 107th Congress.

This impressive legislative record achieved on behalf of veterans would not have been possible without the cooperation and contributions of the Senate Veterans' Affairs Committee, and I wish to thank the Honorable John D. Rockefeller and the Honorable Arlen Specter, who served as Chairman and Ranking Member during parts of the 107th Congress, as well as their professional staffs.

I want to thank the entire House Committee on Veterans' Affairs staff, from both the majority and minority sides, for all of the hard work, dedication, expertise and commitment they have given to assist the Members of the Committee in fulfilling our responsibilities.

Further, I want to thank the Honorable Bob Stump, Chairman Emeritus of the Committee, who retires after serving in the House of Representatives for 26 years, including six years as Chairman of this Committee.

The Committee notes with sadness the passing of one of its most distinguished members, the Honorable Floyd Spence, who served on the Committee from 1991 until his death on August 16, 2001. Born and raised in South Carolina, Floyd Spence served his country as a member of the United States Naval Reserve for more than 40 years, including active duty service during the Korean War. A Member of the House of Representatives for more than 30 years, Floyd Spence was a leader on national security issues and a strong supporter of our Nation's veterans. He also served for six years as Chairman of the Committee on Armed Services.

Finally, the Committee also notes with sadness the passing of former Secretary of Veterans Affairs Jesse Brown, who served as Secretary from 1993 through 1997. A decorated Marine Corps veteran who was wounded in Vietnam in 1965, Jesse Brown spent his professional career with the Disabled American Veterans, serving as its executive director from 1989 to 1993, until his confirmation as Secretary in 1993. He was recognized as a tireless and effective advocate on behalf of veterans.

The 107th Congress faced grave new challenges and responsibilities in order to enhance the security of our Nation. As has always been the case when America's security is in jeopardy, America's servicemen and women stepped forward. The Committee on Veterans' Affairs also stepped forward to ensure that the soldiers, sailors, airmen, and marines—who will become our future veterans—receive the benefits and services they deserve. Working together, in a bipartisan and bicameral fashion, with our professional staffs and with the advice and support of veterans service organizations, the Committee on Veterans' Affairs achieved remarkable results in the 107th Congress. For the men and women who have served, are serving, and will serve in defense of our Nation, nothing less would suffice.

CHRISTOPHER H. SMITH,
Chairman

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Union Calendar No. 505

107TH CONGRESS, 2d Session | HOUSE OF REPRESENTATIVES | REPORT 107–804

ACTIVITIES OF THE COMMITTEE ON VETERANS' AFFAIRS FOR THE 107TH CONGRESS

JANUARY 2, 2003—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. SMITH of New Jersey, for the Committee on Veterans' Affairs, pursuant to Clause 1(d) of Rule XI, submitted the following

REPORT

JURISDICTION

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

(1) Veterans' measures generally.

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

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

(4) Life insurance issued by the Government on account of service in the Armed Forces.

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

(6) Readjustment of servicemen to civil life.

(7) Soldiers' and sailors' civil relief.

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

The Committee on Veterans' Affairs was established January 2, 1947, as a part of the Legislative Reorganization Act of 1946 (60

Stat. 812), and was vested with jurisdiction formerly exercised by the Committee on World War Veterans' Legislation, Invalid Pensions, and Pensions. Jurisdiction over veterans' cemeteries administered by the Department of Defense was transferred from the Committee on Interior and Insular Affairs on October 20, 1967, by H. Res. 241, 90th Congress. The Committee during the 107th Congress had 31 members, 17 in the majority and 14 in the minority.

VETERANS PROGRAMS

DEPARTMENT OF VETERANS AFFAIRS

President Herbert Hoover issued an executive order on July 21, 1930, creating the Veterans Administration. At that time, the Veterans Administration had 54 hospitals and 31,600 employees to serve 4.7 million veterans. President Ronald Reagan signed legislation on October 25, 1988, creating the Department of Veterans Affairs (VA), which assumed responsibility from the Veterans Administration for the mission of providing federal benefits to veterans and their dependents.

VA carries out its missions nationwide in three administrations. The Veterans Health Administration (VHA) is responsible for veterans' health care programs. The Veterans Benefits Administration (VBA) is responsible for compensation, pension, vocational rehabilitation, education assistance, home loan guaranty and insurance programs. The National Cemetery Administration (NCA) is responsible for the operation of 120 national cemeteries. The Board of Veterans' Appeals (BVA) provides final decisions for the Secretary on appeals of veterans benefits claims.

As of September 30, 2002, VA had 222,985 employees. Among all the departments and agencies of the federal government, only the Department of Defense has a larger work force. Of the total number of VA employees, the Veterans Health Administration has 200,700, the Veterans Benefits Administration has 13,454, the National Cemetery Administration has 1,492, and the Veterans Canteen Service has 3,178. The remaining 4,161 employees are in staff offices including those of the Inspector General, and acquisition and material management. VA is a leading employer of veterans with about 26.2 percent of VA's employees being veterans. Since the formation of the Department, the Secretaries of Veterans Affairs have been: Honorable Edward J. Derwinski, 1989–1992; Honorable Jesse Brown, 1993–1997; Honorable Togo D. West, Jr., 1998–2000; and the current Secretary, Honorable Anthony J. Principi.

The veteran population was approximately 25.6 million on September 30, 2002. About 76 of every 100 veterans served during defined periods of armed hostilities. Altogether, approximately 70 million veterans, dependents and survivors of deceased veterans—nearly one-fourth of the nation's population—are potentially eligible for VA benefits and services.

VETERANS HEALTH ADMINISTRATION

VA's largest and most visible component is the Veterans Health Administration (VHA). It has 163 hospitals, with at least one in each of the 48 contiguous states, Puerto Rico, and the District of Columbia, and with small VA inpatient bed complements in Alaska

and Hawaii at military treatment facilities. VHA is divided into 21 Veterans Integrated Service Networks (VISNs) that provide its basic management structure. VHA is headed by the Under Secretary for Health, who is appointed by the President for a four-year term.

In addition to its 163 hospitals, VA operates 743 community-based outpatient clinics, 137 nursing homes and 43 domiciliary homes.

Medical Care

In 2001, with about 22,000 average operating acute hospital beds VA treated 642,217 inpatients, 87,232 veterans in nursing home care units or in community nursing facilities at VA expense, and 23,205 veterans in home care and other community-based health programs sponsored by VA. The Department's outpatient clinics registered over 43 million visits by veterans in 2001. Altogether, 3.89 million veterans received care under VA auspices in 2001.

Across the nation, VA is currently affiliated with 107 medical schools, 55 dental schools, and over 1,000 other schools offering students allied and associated education degrees or certificates in 40 health profession disciplines. More than one-half of all practicing physicians in the United States received at least part of their clinical educational experiences in the VA health care system. In 2001, approximately 81,000 health care professionals received training in VA medical centers. The Department is the largest employer of registered nurses in the United States, with 36,721 nurses on its rolls as of September 30, 2002.

In 1979, VA through its Readjustment Counseling Service began operating community-based Outreach Centers ("Vet Centers") to provide readjustment counseling to Vietnam-era veterans. Following the Gulf War, Congress extended eligibility for Vet Center services to Gulf War veterans and to veterans who served during other periods of U.S. armed forces deployments subsequent to Viet Nam, including military deployments in Lebanon, Grenada, Panama, Somalia, Bosnia and Kosovo. Public Law 104–262, the Eligibility Reform Act of 1996, expanded eligibility for readjustment counseling to combat veterans of conflicts prior to Viet Nam. VA's 206 Vet Centers accommodated over 900,000 visits in fiscal year 2002.

The Department conducts a variety of specialized programs including compensated work therapy to provide disabled veterans with job skills, training and rehabilitative residencies. Often these programs assist homeless veterans. Both substance-use disorder rehabilitation and PTSD outreach programs continue to expand.

VA provides a unique range of services for homeless veterans including outreach, case management, clinical care, residential treatment and rehabilitation, care for serious mental illnesses and substance-use disorder, and supported housing. VA funding for specialized care for homeless seriously mentally ill veterans increased by 44 percent between 1996 and 2001.

In operating its health care facilities, the Department benefits from the contributions of time and energy of more than 111,000 volunteers from all walks of life. Many veterans themselves and family members of veterans volunteer through VA's Voluntary Service. Volunteers donate more than 13 million hours of service

each year to bring companionship, faith, hope and comfort to hospitalized veterans and to the millions of veterans who visit VA outpatient clinics.

Medical and Prosthetic Research

The Department conducts medical and prosthetic research programs that focus on the special needs of veterans but that have made important contributions to virtually every area of medicine and health. VA's current areas of emphasis include research into aging, chronic diseases, mental illnesses, substance-use disorders, sensory losses, trauma-related illnesses, rehabilitation, and health systems and services.

The Department's medical researchers have played key roles in innovating and improving artificial limbs, curing tuberculosis, and developing the cardiac pacemaker, the computerized tomographic scanner and magnetic resonance imager. The first kidney transplant in the United States was performed at a VA medical center. VA researchers pioneered the first successful drug treatments for high blood pressure and schizophrenia. A VA researcher created a sensation in the prosthetics field with introduction of the "Seattle Foot," a device that gives below-the-knee amputees an adaptive ability to walk, run and even jump, greatly improving the quality of life of tens of thousands of veterans and non-veterans alike. VA contributions to medical knowledge have won VA scientists many prestigious awards, including six Lasker Awards and three Nobel Prizes.

VA researchers conducted the largest prevalence study ever of amyotrophic lateral sclerosis (Lou Gehrig's disease). Focusing on 2.8 million Persian Gulf War era veterans, researchers discovered that deployed veterans had almost twice the risk of acquiring this rare, fatal disease. Two other studies tested the effectiveness of treatments for fatigue, muscle and joint pain, and memory and thinking problems reported by some Persian Gulf War veterans. The researchers found that exercise and/or cognitive behavior therapy can improve the quality of life for veterans suffering from these health problems.

VA scientists and colleagues have identified a synthetic compound that reverses bone loss in mice without affecting the reproductive system, unlike conventional hormone replacement therapy. The finding may lead to new treatments to prevent osteoporosis for millions of women and men and lead to safer alternatives to hormone treatments. Other advances by VA scientists include the development of an oral drug to treat smallpox, a significant discovery that may have important implications for the war on terrorism; the discovery that Hepatitis G helps the immune system fight HIV infection; and the identification of an appetite-stimulating hormone.

VETERANS BENEFITS ADMINISTRATION

The Veterans Benefits Administration (VBA) is responsible for administering and delivering benefits and services to eligible veterans and certain survivors and dependents. VBA operates 58 regional offices throughout the United States, Puerto Rico, and the Republic of the Philippines. The regional offices have been realigned into nine Service Delivery Networks, which set goals, monitor performance, and share responsibility for mission accomplish-

ment within their geographic area. VBA programs include disability compensation and pension, education, life insurance, home loan guaranty, and vocational rehabilitation and counseling. VBA is headed by the Under Secretary for Benefits, who is appointed by the President for a four-year term.

Compensation and Pension

More than 2.4 million veterans receive disability compensation or pension payments from the VA. Some 313,540 individual widows, children and parents of deceased veterans are paid survivor compensation or death pension benefits. VA disability and death compensation and pension payments amounted to more than $21 billion for fiscal year 2002.

Insurance

VA operates the seventh largest insurance program in the United States. VA administers six life insurance programs under which two million policies with a value of $20 billion remained in force at the end of fiscal year 2002. In addition, VA supervises the Servicemembers' Group Life Insurance and Veterans' Group Life Insurance programs, which provide some $728 billion in insurance coverage to approximately 2.8 million members of the uniformed services and veterans, plus 3.1 million spouses and children. The 2002 GI life insurance dividend will return almost $625 million to more than 1.8 million policyholders.

Education

Since 1944, when the first GI Bill became law, more than 20 million beneficiaries have participated in GI Bill education and training programs. This includes 7.8 million World War II veterans, 2.3 million Korean War veterans, 8.2 million post-Korean and Vietnam era veterans, and active duty personnel. Proportionally, Vietnam era veterans were the greatest participants in GI Bill training. Approximately 76 percent of those eligible took training, compared with 50.5 percent for World War II veterans and 48.4 percent for Korean era veterans. The All-Volunteer Force Educational Assistance Program provides benefits for veterans, service personnel, and members of the Selected Reserve who train under the Montgomery GI Bill (MGIB). Approximately 56 percent of veterans eligible for the MGIB used it through fiscal year 2001. Over 20,000 more claimants received education benefits during fiscal year 2001 than during fiscal year 2000. Almost 70 percent of the 421,000 beneficiaries who used VA education benefits during fiscal year 2001 qualified under the provisions of the MGIB. Reservists accounted for nearly 20 percent of education benefit recipients, and the Survivors' and Dependents' Educational Assistance program for certain eligible dependents of veterans accounted for almost 11 percent of recipients.

Home Loan Assistance

More than 16.8 million veterans and their dependents have benefited from VA's loan guaranty program. From this program's establishment as part of the original GI Bill in 1944 through the end of fiscal year 2002, VA home loan guaranties totaled more than $740 billion. In fiscal year 2002, VA guaranteed 317,000 loans valued at $40 billion. Since 1948, VA has assisted 35,000 disabled vet-

erans with grants for specially adapted housing totaling more than $537 million.

NATIONAL CEMETERY ADMINISTRATION

VA assumed responsibility for the National Cemetery Administration (NCA) in 1973. As of July 31, 2002, NCA maintains almost 2.5 million gravesites at 120 national cemeteries in 39 states and Puerto Rico. Of these, 61 have available, unassigned gravesites for the burial of both casketed and cremated remains; 26 will only accept cremated remains and the remains of family members for interment in the same gravesite as a previously deceased family member; and 33 are closed to new interments, but may accommodate family members in the same gravesite as a previously deceased family member. NCA also oversees 33 soldiers' lots, monument sites and confederate cemeteries.

During the period of 1997 to 2000, VA opened five new national cemeteries: Tahoma National Cemetery in the Seattle/Tacoma, Washington area; Saratoga National Cemetery, near Albany, New York; Abraham Lincoln National Cemetery near Chicago, Illinois; Dallas-Ft. Worth National Cemetery to serve veterans in north and central Texas; and Ohio Western Reserve National Cemetery, near Cleveland, Ohio. The opening of five new national cemeteries within four years is unprecedented since the Civil War.

VA is continuing to actively pursue the development of new cemeteries in those metropolitan areas that are presently not served by a national cemetery: Atlanta, Georgia; Detroit, Michigan; Fort Sill, Oklahoma; Miami, Florida; Pittsburgh, Pennsylvania; and Sacramento, California. Interments in national cemeteries are expected to increase from 82,700 in fiscal year 2000 to more than 117,000 in 2008.

Since July 30, 1973, total acreage in NCA has increased from 4,260 acres to 13,850 acres in fiscal year 2001. The number of occupied graves maintained is projected to increase from 2,380,500 in fiscal year 2000 to over 2,998,100 in 2008. In fiscal year 2001, VA provided over 304,000 headstones and markers to mark the graves of veterans buried in private, state veterans, military/post, and national cemeteries. VA has provided 7.7 million headstones and markers since 1973.

The Department of Veterans Affairs State Cemetery Grants Program was established in 1978 to complement VA's National Cemetery Administration. The program assists states in providing gravesites for veterans in those areas where VA's national cemeteries cannot fully satisfy their burial needs. Grants may be used only for the purpose of establishing, expanding, or improving veterans cemeteries that are owned and operated by a state or U.S. territory.

During fiscal year 2002, the VA state grants program awarded 14 new grants and five grant increases for a total of $40.8 million. Since the program became active in 1980, it has awarded 58 grants for the initial establishment of new state cemeteries and 66 new grants for cemetery expansion or improvements for a total of $148 million in grants. As of November 1, 2002, 30 states and territories have been awarded grants. There are 51 open state veterans cemeteries in 28 states and Guam, and 37 pending grant applications.

DEPARTMENT OF LABOR

VETERANS' EMPLOYMENT AND TRAINING

Congress has determined that our nation has a responsibility to meet the employment and job training needs of veterans. To accomplish those goals, the Veterans' Employment and Training Service (VETS) of the Department of Labor provides job services for veterans through grants to state employment service agencies.

Chapter 41 of title 38, United States Code, governs the administration of veterans' employment and training throughout the states. This chapter pre-dates the Government Performance and Results Act, the Workforce Investment Act of 1998, and self-service through America's Job Bank and America's Talent Bank, for example. On November 7, 2002, Congress amended this chapter with the Jobs for Veterans Act, Public Law 107–288. This law redesigns the veterans' employment and training service delivery system based on four broad themes: results, incentives, accountability, and flexibility. The Committee believes that the Jobs for Veterans Act should help many more veterans find good jobs, ensure fairness to states in grants, give states greater flexibility to manage, and reward states that do well, while making states accountable for results.

AMERICAN BATTLE MONUMENTS COMMISSION

The American Battle Monuments Commission (ABMC), created by an Act of Congress in 1923, is a federal agency responsible for the construction and permanent maintenance of military cemeteries and memorials on foreign soil, as well as certain memorials in the United States. Its principal functions are to commemorate, through the erection and maintenance of suitable memorial shrines, the sacrifices and achievements of the American armed forces where they have served since April 6, 1917; to design, construct, operate, and maintain permanent American military burial grounds and memorials in foreign countries; to control the design and construction on foreign soil of U.S. military monuments and markers by other U.S. citizens and organizations, both public and private; and to encourage U.S. governmental agencies and private individuals and organizations to maintain adequately the monuments and markers erected by them on foreign soils.

In performance of these functions, ABMC administers, operates and maintains 24 permanent American military cemetery memorials and 22 monuments, memorials, markers and separate chapels in fourteen foreign countries, the Commonwealth of the Northern Mariana Islands, Gibraltar, and three memorials in the United States. When directed by Congress, ABMC develops and erects national military monuments in the United States, such as the Korean War Veterans Memorial and the World War II Memorial, which the Committee is pleased to note is expected to be dedicated on Memorial Day, May 29, 2004. ABMC also provides information and assistance, on request, to relatives and friends of the war dead interred or commemorated at its facilities.

Interred in the cemeteries are 124,918 U.S. war dead—750 from the Mexican War, 30,922 from World War I, and 93,246 from World War II. Additionally, 6,010 American veterans and others are in-

terred in the Mexico City and Corozal cemeteries. The Mexico City cemetery and those of the World Wars are closed to future burials except for the remains of U.S. war dead yet to be found in the battle areas of World Wars I and II. In addition to burials at the cemeteries overseas, 94,132 U.S. servicemembers of the World Wars, Korea, and Vietnam are commemorated individually by name on the Tablets of the Missing at cemetery memorials and at three memorials on U.S. soil.

ARLINGTON NATIONAL CEMETERY

Arlington Mansion and 200 acres of ground immediately surrounding it were designated as a military cemetery on June 15, 1864, by Secretary of War Edwin M. Stanton. With more than 260,000 people buried, Arlington National Cemetery has the second-largest number of people buried of any national cemetery in the United States. The cemetery conducts approximately 6,300 burials each year. In addition to in-ground burial, the cemetery has a large columbarium for cremated remains. Four courts are currently in use, each with 5,000 niches. Arlington is the site of many nonfuneral ceremonies, and approximately 3,000 such ceremonies are conducted each year. Arlington is expected to continue to provide burials through the year 2060 with its recently approved capital investment plan.

More than four million people visit the cemetery annually, many coming to pay final respects at graveside services, of which nearly 125 are conducted each week. Veterans from all the Nation's wars are buried in the cemetery, from the American Revolution through the Persian Gulf War, Somalia and Afghanistan. Also, more than 3,800 former slaves are buried there. The Tomb of the Unknowns and the grave of President John F. Kennedy are among the most visited sites at the cemetery. Arlington National Cemetery is administered by the Department of the Army.

LEGISLATION ENACTED INTO LAW

Public Law 107–11

Expediting Construction of the World War II Memorial

(H.R. 1696)

Removed additional delays in the construction of the World War II Memorial.

May 28, 2002: Signed by the President, Public Law 107–11.

Public Law 107–14

Veterans' Survivor Benefits Improvements Act of 2001

(H.R. 801, AS AMENDED)

Title: To amend title 38, United States Code, to expand eligibility for CHAMPVA, to provide for family coverage and retroactive expansion of the increase in maximum benefits under Servicemembers' Group Life Insurance, to make technical amendments, and for other purposes.

Summary: H.R. 801, as amended:

1. Expands health insurance under CHAMPVA for survivors of veterans who die of a service-connected disability. CHAMPVA beneficiaries who are Medicare-eligible would receive coverage similar to the "TRICARE for Life" enhancements that Public Law 106–398 provided for Department of Defense beneficiaries. Future Medicare-eligible CHAMPVA beneficiaries would be required to obtain Medicare Part B coverage as a pre-condition to eligibility for this new benefit; coverage would be automatic for CHAMPVA beneficiaries who are eligible for Medicare on the date of enactment.
2. Expands the Servicemembers' Group Life Insurance (SGLI) program to include spouses and children. Spousal coverage could not exceed $100,000; child coverage could not exceed $10,000. Upon termination of SGLI, the spouse's policy could be converted to a private life insurance policy.
3. Makes the effective date of an increase from $200,000 to $250,000 in the maximum SGLI benefit provided for in Public Law 106–419 retroactive to October 1, 2000, for a servicemember who died in the performance of duty and had the maximum amount of insurance in force.
4. For purposes of VA's outreach program, defines an eligible dependent as the spouse, surviving spouse, child or dependent parent of a servicemember/veteran. It would also require VA to make eligible dependents aware of VA's services through media and veterans publications.

Effective date: Date of enactment except the following sections

Sec. 4: The first day of the first month that begins more than 120 days after date of enactment.

Sec. 5: October 1, 2000, with respect to any member of the uniformed services who died in the performance of duty.

Sec. 7(a)(1): Shall take effect as if enacted on November 1, 2000.

Sec. 7(b): Shall take effect as if enacted on November 1, 2000.

Sec. 7(c): Shall take effect as if included in the enactment of sec. 105 of the Veterans Benefits and Health Care Improvement Act of 2000 (Public Law 106–419; 114 Stat. 1828).

Sec. 7(d): May 1, 2001.

Sec. 7(e): Shall take effect as if enacted on November 1, 2000.

Cost: The Congressional Budget Office estimates that H.R. 801, as amended, would make the survivors of certain veterans eligible for medical insurance, and extend coverage under Servicemembers' Group Life Insurance (SGLI). Neither measure would affect pay-as-you-go scoring.

Legislative history:

Mar. 21, 2001: H.R. 801 ordered reported favorably amended by the Committee on Veterans' Affairs.

Mar. 26, 2001: H.R. 801 reported amended by the Committee on Veterans' Affairs. H. Rept. 107–27.

Mar. 27, 2001: Passed the House amended under suspension by vote of 417–0 (Roll No. 63).

Mar. 28, 2001: Referred to the Senate Committee on Veterans' Affairs.

May 24, 2001: Senate Committee on Veterans' Affairs discharged by unanimous consent.

May 24, 2001: Passed the Senate with an amendment and an amendment to the title by unanimous consent.

May 24, 2001: House agreed to the Senate amendments under suspension by voice vote.

June 5, 2001: Signed by the President, Public Law 107–14.

Public Law 107–94

Veterans' Compensation Rate Amendments of 2001

(H.R. 2540, AS AMENDED)

Summary: H.R. 2540, as amended, would:

Provide, effective December 1, 2001, a cost-of-living adjustment to the rates of disability compensation for veterans with service-connected disabilities and to the rates of dependency and indemnity compensation for survivors of certain service-connected disabled veterans. The percentage amount is equal to the increase for benefits provided under the Social Security Act (2.6 percent).

Legislative history:

July 24, 2001: H.R. 2540 reported amended by the Committee on Veterans' Affairs. H. Rept. 107–156.

July 31, 2001: Passed the House amended under suspension by vote of 422–0 (Roll No. 301).

July 31, 2001: Referred to the Senate Committee on Veterans' Affairs.

Nov. 15, 2001: Senate Committee on Veterans' Affairs discharged by unanimous consent.

Nov. 15, 2001: Passed the Senate with an amendment and an amendment to the Title by unanimous consent.

Dec. 11, 2001: House agreed to Senate amendments under suspension by voice vote.

Dec. 21, 2001: Signed by the President, Public Law 107–94.

Public Law 107–95

Homeless Veterans Comprehensive Assistance Act of 2001

(H.R. 2716, AS AMENDED)

Title: An Act to amend title 38, United States Code, to revise, improve, and consolidate provisions of law providing benefits and services for homeless veterans.

Summary: H.R. 2716, as amended, will:

1. Provide that this bill may be cited as the "Homeless Veterans Comprehensive Assistance Act of 2001".
2. Establish a national goal to end chronic homelessness among veterans and encourage all governmental and private agencies to work together to achieve this goal.
3. Provide a "Sense of the Congress" regarding the needs of homeless veterans and the responsibility of federal agencies in meeting those needs.
4. Consolidate and improve laws relating to homeless veterans into a new chapter of title 38, United States Code. Include provisions to increase per diem payments up to the rate paid to state home domiciliaries by community providers, authorize appropriations for the Homeless Veterans' Reintegration Program, coordinate outreach services among agencies dealing with homeless individuals, and undertake an outreach demonstration program within VA. Other provisions authorize establishment of a grant program for homeless veterans with special needs, limited dental care for veterans using VA homeless programs, technical assistance to nonprofit community based groups, and establish in law an Advisory Committee on Homeless Veterans.
5. Establish evaluation centers for programs that serve homeless populations and require annual program assessments to be submitted to Congress.
6. Require a study of outcome effectiveness of grant program for homeless veterans with special needs.
7. Require VA to develop a plan to provide veterans access to mental health services, including substance abuse treatment; and expand the comprehensive homeless services program.
8. Require disabled veterans' outreach program specialists and local veterans' employment representatives to coordinate employment services with entities receiving financial assistance under homeless veterans' reintegration programs.
9. Establish priorities for homeless programs when VA considers disposing of real property or entering into enhanced-use lease arrangements.
10. Require an annual meeting of the Interagency Council on Homeless.
11. Increase set-aside rental assistance vouchers for HUD VA-Supported Housing Program.

Effective date: Date of Enactment.

Legislative history:

Oct. 10, 2001: H.R. 2716 ordered reported favorably with an amendment in the nature of a substitute by the Committee on Veterans' Affairs.

Oct. 16, 2001: H.R. 2716 reported amended by the Committee on Veterans' Affairs. H. Rept. 107–241, Part I.

Oct. 16, 2001: House Committee on Financial Services discharged by unanimous consent.
Oct. 16, 2001: Passed the House amended under suspension by voice vote.
Oct. 17, 2001: Received in the Senate. Placed on Senate Legislative Calendar under General Orders. Calendar No. 201.
Dec. 6, 2001: Passed the Senate with an amendment by unanimous consent.
Dec. 11, 2001: House agreed to the Senate amendment under suspension by voice vote.
Dec. 21, 2001: Signed by the President, Public Law 107–95.

Public Law 107–103

Veterans Education and Benefits Expansion Act of 2001

(H.R. 1291, AS AMENDED)

Title: An Act to amend title 38, United States Code, to modify and improve authorities relating to education benefits, compensation and pension benefits, housing benefits, burial benefits, and vocational rehabilitation benefits for veterans, to modify certain authorities relating to the United States Court of Appeals for Veterans Claims, and for other purposes.

Summary: H.R. 1291, as amended, will:

Title I – Educational Assistance Provisions

1. Increase the amount of educational benefits under the Montgomery GI Bill (MGIB) for an approved program of education on a full-time basis from the current monthly rate of $672 for an obligated period of active duty of three or more years to $800 effective January 1, 2002; $900 effective October 1, 2002; and $985 effective October 1, 2003.
2. Increase the amount of educational benefits under the MGIB for an approved program of education on a full-time basis from the current monthly rate of $546 for an obligated period of active duty of two years to $650 effective January 1, 2002; $732 effective October 1, 2002; and $800 effective October 1, 2003.
3. Suspend the statutory annual adjustment in MGIB rates based on the Consumer Price Index for fiscal years 2003 and 2004.
4. Increase the rates of Survivors' and Dependents' Educational Assistance from $608 to $670 for full-time, $456 to $503 for three-quarter-time, and $304 to $345 for half-time studies.
5. Restore educational assistance entitlement to participants in VA-administered programs who have received benefits for the pursuing courses they were unable to complete because they were called to active duty or, in the case of active-duty servicemembers, were relocated and/or assigned duties that prevented them from completing their courses.
6. Extend, in the case of a member of a Reserve component who was called to active duty, the period during which the person may use VA educational benefits by a period equal to the length of their active service plus 4 months for chapters 31 and 35; and further provide that the Reservist is not to be considered to have been separated from the Selected Reserve for education purposes by reason of their active-duty service.

7. Allow an accelerated payment of MGIB benefits of up to 60 percent for short-term, high cost training courses that lead to employment in a high technology industry.
8. Allow a Vietnam-era veteran to convert from Vietnam-era GI Bill benefits to MGIB benefits if the veteran had eligibility for the Vietnam-era GI Bill benefits as of December 31, 1989, was not on active duty on October 19, 1984, and served three continuous years in the Armed Forces after July 2, 1985.
9. Increase from $2,000 to $3,400 the maximum allowable annual award that an SROTC participant may receive and still be eligible for benefits under MGIB.
10. Expand for five years VA's work-study program for veterans to include working in state veterans homes, VA national cemeteries and state veterans cemeteries, and helping State Approving Agencies with outreach efforts.
11. Reinstate a 10-year delimiting period in which spouses may, upon first becoming eligible, use Dependents Educational Assistance (DEA) benefits. Spouses made eligible for DEA under more than one of the eligibility criteria would have two delimiting periods in which to use their DEA benefits, without an increase in the total 45-month entitlement period.
12. Include certain private technology entities (primarily businesses) in the definition of educational institution so that veterans enrolled in technical courses can qualify for VA educational assistance benefits.
13. Permit veterans to use VA educational assistance benefits for a certificate program offered by an accredited institution of higher learning by way of independent study.

Title II – Compensation and Pension Provisions

1. Repeal the 30-year presumptive period for respiratory cancers associated with exposure to herbicide agents. Direct the Secretary to enter into contract with the National Academy of Sciences to determine whether an upper time limit on manifestations of respiratory cancers can be supported and authorizes the Secretary to provide a time limit if warranted by such studies. Protect the grant of service connection for veterans provided benefits under this section.
2. Add Diabetes Mellitus (Type 2) to the list of diseases presumed to be service-connected in Vietnam veterans exposed to herbicide agents.
3. Presume that veterans who served in the Republic of Vietnam during the time when herbicides were used were exposed to herbicides.
4. Extend the authority to presumed service-connection for additional diseases to September 30, 2012.
5. Direct VA to contract with National Academy of Science (NAS) for continued review of scientific evidence on effects of dioxin or herbicide exposure for 10 more years (five reports), and extend the authority of the Secretary to presume service connection for additional diseases based on future NAS reports for 10 more years.
6. Expand, effective March 1, 2002, the definition of illnesses presumed service-connected for Gulf War veterans to include

a medically unexplained chronic multisymptom illness such as chronic fatigue syndrome, fibromyalgia and irritable bowel syndrome defined by a cluster of signs or symptoms. Signs or symptoms that may be a manifestation of undiagnosed illness or a chronic multisymptom illness would include fatigue, unexplained rashes or other dermatological signs or symptoms, headache, muscle pain, joint pain, neurological signs or symptoms, neuropsychological signs or symptoms, signs or symptoms involving the respiratory system (upper or lower), sleep disturbances, gastrointestinal signs or symptoms, cardiovascular signs or symptoms, abnormal weight loss, and/or menstrual disorders.

7. Include a technical correction substituting a date certain of October 1, 2010, for "10 years after the last day of the fiscal year in which the National Academy of Sciences (NAS) submits the first report" as written under current law in section 1603(j) of the Persian Gulf War Veterans Act of 1998. Require the Secretary to contract with the NAS for five additional biennial reports on Gulf War health issues. Clarify that the authority of the Secretary to determine that a disease warrants presumptive service-connection based on these NAS reports continues until September 30, 2011.
8. Authorize the Secretary of Veterans Affairs to protect the grant of service connection of a Persian Gulf War veteran who participates in a Department of Veterans Affairs-sponsored medical research project. In the case of a Gulf War veteran being compensated for an undiagnosed illness, current law may not protect the individual's service-connected grant if, as a result of participating in a medical research study, the condition is diagnosed.
9. Repeal the limitation on assets for payment of benefits to incompetent institutionalized veterans. Current law prohibits payment of compensation and pension benefits to an incompetent veteran with no dependents and assets exceeding five times the 100 percent compensation rate, if the veteran is being provided institutional health care by the government.
10. Extend, in the computation of the monthly payments of compensation and Dependency and Indemnity Compensation (DIC) the requirement of rounding down the benefit paid to the next lower whole dollar amount from fiscal year 2002 to fiscal year 2011.
11. Expand the definition of permanent and total disability for veterans applying for nonservice-connected pension to include: (1) a patient in a nursing home for long-term care because of disability, (2) a person disabled, as determined by the Commissioner of Social Security for purposes of benefits administered by the Commissioner, (3) a person unemployable, as a result of disability reasonably certain to continue throughout the life of the person, and (4) a person suffering from any disability which is sufficient to render it impossible for the average person to follow a substantially gainful occupation, but only if it is reasonably certain that such disability will continue throughout the life of the person or oth-

erwise justifying a determination of permanent and total disability.

12. Provide a non-service-connected pension to low-income wartime veterans aged 65 and older without requiring a determination of disability.

Title III – Transition and Outreach Provisions

1. Provide VA the authority to operate transition assistance offices overseas so as to furnish "one-stop" assistance to servicemembers in such areas prior to their separation from military service.
2. Extend the time that preseparation counseling is available to servicemembers separating from service to as early as 12 months before discharge, and 24 months prior to discharge for military retirees.
3. Improve education and training outreach services by requiring each State Approving Agency to conduct outreach programs and provide services to eligible veterans and dependents for state and federal veterans' education and training benefits.
4. Require VA to provide to the veteran or eligible dependent general information concerning VA benefits and services whenever that person first applies for any benefit.

Title IV – Housing Matters

1. Increase the home loan guaranty from $50,750 to $60,000.
2. Extend to December 31, 2005, VA's direct home loan program for Native American veterans living on trust lands, and eliminate the requirement for VA to have a separate memorandum of understanding (MOU) with tribal authorities if another federal agency has an MOU which substantially complies with VA's requirement.
3. Modify the requirement for loan assumption language in home loan documents.
4. Increase the grant for specially adapted housing for severely disabled veterans from $43,000 to $48,000, and increase the amount for less severely disabled veterans from $8,250 to $9,250.
5. Extend to September 30, 2009, the authority for housing loan guaranties for members of the Selected Reserve; extend VA's loan asset sale authority through December 31, 2011; extend the VA's home loan fee authorities through October 1, 2011; extend the effectiveness of the procedures applicable to liquidation sales on defaulted home loans guaranteed by the VA through October 1, 2011.

Title V – Other Matters

1. Increase the burial and funeral expense benefit for a service-connected veteran from $1,500 to $2,000, and increase the burial plot allowance from $150 to $300.
2. Create a five-year program requiring the Secretary to furnish a bronze marker to those families that request a government marker for the marked grave of a veteran at a private cemetery. The Secretary is required to furnish the marker directly

to the cemetery and the family is required to place the marker on the veteran's gravesite. Not later then February 1, 2006, the Secretary shall submit to the Committees on Veterans' Affairs of the Senate and the House of Representatives a report on the use of this five-year authority.

3. Increase the automobile and adaptive equipment grant for severely disabled veterans from $8,000 to $9,000.
4. Extend to September 30, 2011, the limitation of VA pension to $90 per month for certain veterans receiving Medicaid-covered nursing home care.
5. Prohibit payment of veterans' benefits to fugitive felons.
6. Limit payment of compensation for veterans remaining incarcerated for felonies since October 7, 1980. In 1980, Congress enacted legislation to reduce compensation to incarcerated veterans to the equivalent of the rate of compensation paid for a 10 percent disability (or, if they only receive ten percent, to the equivalent dollar amount of 5 percent). Veterans who were already incarcerated in 1980 were not covered by this change in law.
7. Eliminate the requirement for veterans to furnish the Secretary of Veterans Affairs with a copy of the notice of appeal filed with the U.S. Court of Appeals for Veterans Claims.
8. Increase the fiscal year limitation on the number of veterans in programs of independent living services and assistance from 500 to 2,500.
9. Technical and clerical amendments.

Title VI – United States Court of Appeals for Veterans Claims

1. Allow two additional judges to be appointed, to allow transition as the original judges retire, and temporarily expand the membership of the U.S. Court of Appeals for Veterans Claims from seven to nine until August 2005.
2. Repeal the requirement that a judge provide written notice regarding acceptance of reappointment, as a precondition to retirement from the U.S. Court of Appeals for Veterans Claims.
3. Eliminate the post-November 17, 1988, Notice of Disagreement as a prerequisite to jurisdiction at the U.S. Court of Appeals for Veterans Claims.
4. Allow the U.S. Court of Appeals for Veterans Claims to impose registration fees on persons participating in Court-sponsored activities, including judicial conferences.
5. Provide the U.S. Court of Appeals for Veterans Claims with the authority to use practice and registration fees for the purposes of disciplinary matters, and for defraying the expenses of judicial conferences and other activities to support and foster bench and bar relationships, veterans law or the work of the Court.
6. Provide the U.S. Court of Appeals for Veterans Claims with the authority to proscribe administrative practices which are consistent with those exercised by federal courts of general jurisdiction.

Effective date: Date of enactment except the following sections:
Sec. 101(a)(1)(A): January 1, 2002
Sec. 101(a)(1)(B): October 1, 2002

Sec. 101(a)(1)(C): October 1, 2003
Sec. 101(a)(2)(A): January 1, 2002
Sec. 101(a)(2)(B): October 1, 2002
Sec. 101(a)(2)(C): October 1, 2003
Sec. 102: January 1, 2002
Sec. 103: September 11, 2001
Sec. 104: October 1, 2002 with respect to enrollments in courses or programs of education or training beginning on or after that date
Sec. 106: Shall apply with respect to educational assistance allowances paid for months beginning after the date of enactment of this Act
Sec. 108: Applies to determinations made on or after date of enactment
Sec. 110: Shall apply to enrollments in courses occurring on or after date of enactment of this Act
Sec. 111: Shall apply to enrollments in courses occurring on or after date of enactment of this Act
Sec. 201(a): January 1, 2002
Sec. 202: March 1, 2002
Sec. 203: VA medical research projects commenced before, on, or after date on enactment
Sec. 206: September 17, 2001
Sec. 207: September 17, 2001
Sec. 501(a): September 11, 2001
Sec. 501(b): December 1, 2001
Sec. 502: Shall apply to individuals dying on or after date of enactment
Sec. 505: Shall apply with respect to the payment of compensation for months beginning on or after the end of the 90-day period beginning on the date of enactment
Sec. 506: Shall apply to the months beginning 90 days after date of enactment
Sec. 508: September 30, 2001
Sec. 603: Shall apply to appeals filed on or after date of enactment or filed before date of enactment for which the decision is not final as of date of enactment

Legislative history:

June 19, 2001: Passed the House under suspension by vote of 416–0, 1 Present (Roll No. 166).
June 20, 2001: Referred to the Senate Committee on Veterans' Affairs.
Dec. 7, 2001: Senate Committee on Veterans' Affairs discharged by unanimous consent.
Dec. 7, 2001: Senate struck all after the enacting clause and substituted the language of S. 1088 amended.
Dec. 7, 2001: Passed the Senate in lieu of S. 1088 with an amendment by unanimous consent.
Dec. 11, 2001: House agreed to Senate amendments with an amendment pursuant to H. Res. 310. (Note: Consists of certain provisions from H.R. 801, H.R. 2540, H.R. 3240, and S. 1088. Also, H. Res. 310 agreed to by the House under suspension by voice vote.)
Dec. 13, 2001: Senate agreed to House amendment to Senate amendments by unanimous consent.
Dec. 27, 2001: Signed by the President, Public Law 107–103.

Public Law 107–135

Department of Veterans Affairs Health Care Programs Enhancement Act of 2001

(H.R. 3447)

Title: To amend title 38, United States Code, to enhance the authority of the Secretary of Veterans Affairs to recruit and retain qualified nurses for the Veterans Health Administration, to provide an additional basis for establishing the inability of veterans to defray expenses of necessary medical care, to enhance certain health care programs of the Department of Veterans Affairs, and for other purposes.

Mr. Smith of New Jersey (for himself, Mr. Evans, Mr. Moran of Kansas, and Mr. Filner) introduced H.R. 3447 on December 11, 2001.

Summary: H.R. 3447 will:

1. Enhance eligibility and benefits for the Employee Incentive Scholarship and Education Debt Reduction Programs by enabling VA nurses to pursue advanced degrees while continuing to care for veterans, in order to improve recruitment and retention of nurses within the VA health care system.
2. Mandate that VA provide Saturday premium pay to title 5/title 38 hybrid employees. Such hybrid-authority employees include licensed vocational nurses, pharmacists, certified or registered respiratory therapists, physical therapists, and occupational therapists.
3. Require VA to develop a nationwide policy on staffing standards to ensure that veterans are provided with safe and high quality care, taking into consideration the numbers and skill mix required of staff in specific health care settings. Require a report on the use of mandatory overtime by licensed nursing staff and nursing assistants in each VA health care facility; include in report a description of the amount of mandatory overtime used by facilities.
4. Change reporting responsibility of the Director of the Nursing Service to report to the Under Secretary for Health.
5. Recompute annuities for part-time service performed by certain health care professionals before April 7, 1986.
6. Establish a 12-member National Commission on VA Nursing that would assess legislative and organizational policy changes to enhance the recruitment and retention of nurses by the Department and the future of the nursing profession within the Department, and recommend legislative and organizational policy changes to enhance the recruitment and retention of nursing personnel in the Department.
7. Authorize service dogs to be provided by VA to a veteran suffering from spinal cord injuries or dysfunction, other diseases causing physical immobility, hearing loss or other types of disabilities susceptible to improvement or enhanced functioning in activities of daily living through employment of a service dog.
8. Modify VA's system of determining nonservice-connected veterans' "ability to pay" for VA health care services by intro-

ducing (as an upper income bound contrasted with current income limits) the "Low Income Housing Limits" employed by the Department of Housing and Urban Development (HUD), used by HUD to determine family income thresholds for housing assistance. This index is adjusted for all Standard Metropolitan Statistical Areas (SMSAs), and is updated periodically by HUD to reflect economic changes within the SMSAs. Would retain current-law means test national income threshold, but reduce co-payments by 80 percent for near-poor veterans who require acute VA hospital inpatient care.

9. Strengthen the mandate for VA to maintain capacity in specialized medical programs for veterans by requiring VA and each of its Veterans Integrated Service Networks to maintain the national capacity in certain specialized health care programs for veterans (those with serious mental illness, including substance use disorders, and spinal cord, brain injured and blinded veterans; veterans who need prosthetics and sensory aids); and extend capacity reporting requirement for 3 years.
10. Establish a program of chiropractic services in each Veterans Integrated Service Network and require VA to provide training and educational materials on chiropractic services to VA health care providers. Authorize VA to employ chiropractors as federal employees and obtain chiropractic services through contracts; create a VA advisory committee on chiropractic health care.
11. Require the Office of Research Compliance and Assurance, which conducts oversight and compliance reviews of VA research and development, be funded by the Medical Care appropriation, rather than the Medical and Prosthetic Research appropriation.
12. Authorize $28,300,000 for major medical facility construction project at the Miami, Florida VA Medical Center.
13. Require Secretary of Veterans Affairs to assess all special telephone services made available to veterans, such as "help lines" and "hotlines." Assessment would include geographical coverage, availability, utilization, effectiveness, management, coordination, staffing, cost, and a survey of veterans to measure effectiveness of these telephone services and future needs. A report to Congress would be required within 1 year of enactment.

4. Extend expiring authorities for VA to collect proceeds from veterans' health insurance policies for care provided for non-service connected care.

15. Provide authority for Secretary to study, and then if determined feasible, obtain personal emergency-notification and response systems for service-disabled veterans.
16. Extend VA's authority to provide health care for those who served in the Persian Gulf until December 31, 2002.

Effective date: Date of Enactment.

Cost: The Congressional Budget Offices estimates that two provisions of H.R. 3447 would increase direct spending by $1 million in

2002, $8 million over the 2002–2006 period, and $24 million over the 2002–2011 period.

Legislative history:

Dec. 11, 2001: Passed the House under suspension by voice vote.
Dec. 12, 2002: Received in the Senate.
Dec. 20, 2001: Passed the Senate by unanimous consent.
Jan. 23, 2002: Signed by the President, Public Law 107–135.

Public Law 107–183

Naming the Bob Hope Veterans Chapel

(H.R. 4592)

Designated the Chapel located in the National Cemetery in Los Angeles, California, as the "Bob Hope Veterans Chapel".

May 29, 2002: Signed by the President, Public Law 107–183.

Public Law 107–184

Naming the Robert J. Dole VA Medical and Regional Office Center

(H.R. 4608)

Named the VA Medical and Regional Office Center in Wichita, Kansas, the "Robert J. Dole Department of Veterans Affairs Medical and Regional Office Center".

May 29, 2002: Signed by the President, Public Law 107–184.

Public Law 107–247

Veterans' Compensation Cost-of-Living Adjustment Act of 2002

(H.R. 4085, AS AMENDED)

Title: An Act to increase, effective as of December 1, 2002, 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.

H.R. 4085, as amended, will:

Provide, effective December 1, 2002, a cost-of-living adjustment to the rates of disability compensation for veterans with service-connected disabilities and to the rates of dependency and indemnity compensation for survivors of certain service-connected disabled veterans; the percentage amount would be equal to the increase for benefits provided under the Social Security Act (1.4 percent), which is calculated based upon changes in the Consumer Price Index.

Effective date: Date of enactment except the following sections:

Sec. 2: December 1, 2002.

Legislative history:

May 9, 2002: H.R. 4085 ordered reported amended favorably by the Committee on Veterans' Affairs.

May 16, 2002: H.R. 4085 reported amended by the Committee on Veterans' Affairs. H. Rept. 107–472.
May 20, 2002: Considered under suspension of the rules. At the conclusion of debate, the Yeas and Nays were demanded and ordered. Pursuant to the provisions of clause 8, rule XX, the Chair announced that further proceedings on the motion would be postponed.
May 21, 2002: Considered as unfinished business. On motion to suspend the rules and pass the bill, as amended, agreed to by the Yeas and Nays: 410–0 (Roll No. 185).
May 22, 2002: Referred to the Senate Committee on Veterans' Affairs.
Sep. 26, 2002: Passed the Senate with an amendment and an amendment to the Title by unanimous consent.
Oct. 7, 2002: House agreed to the Senate amendments under suspension by voice vote.
Oct. 23, 2002: Signed by the President, Public Law 107–247.

Public Law 107–287

Department of Veterans Affairs Emergency Preparedness Act of 2002

(H.R. 3253, AS AMENDED)

Title: To amend title 38, United States Code, to enhance emergency preparedness of the Department of Veterans Affairs, and for other purposes.

Summary: H.R. 3253, as amended, will:

1. Direct the Department of Veterans Affairs to establish four National Medical Emergency Preparedness Centers at VA medical centers to: conduct bio-medical research on, and develop health care responses for, chemical, biological, radiological, incendiary or other explosive weapons that threaten the public health and safety; provide related education, training, and advice to VA and community health care professionals either through the National Disaster Medical System or interagency agreements; and, provide rapid response laboratory, epidemiological, medical or other assistance to Federal, State or local health care and law enforcement authorities in the event of a national disaster or emergency, or as necessary to protect the public safety and prevent biological, chemical or radiological threats.
2. Require the centers to coordinate with health professions and public health schools in bio-terrorism related education and training of health care professionals.
3. Authorize $100 million over 5 years to fund the new centers and allow each center to seek additional research funds from public and private sources.
4. Require the Secretary to select the sites for each center competitively based upon certain qualifying criteria and ensuring the centers are geographically dispersed throughout the United States.
5. Require the Secretaries of VA and Defense to carry out a joint program to develop and disseminate a series of model education and training programs on the medical responses to the consequences of terrorist activities.
6. Require the Secretary of VA to disseminate training programs and research findings to health professions students,

graduate medical education trainees, and active health practitioners in coordination with other Federal departments and agencies.

7. Authorize a new assistant secretary in the Department of Veterans Affairs. This assistant secretary will coordinate Department-wide operations, preparedness, security and law enforcement functions.
8. Authorize an increase in the number of deputy assistant secretaries from 18 to 19.
9. Authorize VA to furnish hospital care and medical services to individuals responding to, involved in, or otherwise affected by a major disaster or emergency, including members of the Armed Forces on active duty.
10. Authorize VA to negotiate with other Federal entities to collect the cost of providing care or services and retain such collections in the event of a major disaster or emergency.

Effective date: Date of enactment

Cost: The Congressional Budget Office estimates the cost of H.R. 3253, as amended, to be $12 million in 2003 and $87 million over the 2003–2007 period, assuming appropriation of the authorized amounts. Because the bill does not affect direct spending or receipts, pay-as-you-go procedures do not apply.

Legislative history:

May 9, 2002: H.R. 3253 ordered reported amended favorably by the Committee on Veterans' Affairs.
May 16, 2002: H.R. 3253 reported amended by the Committee on Veterans' Affairs. H. Rept. 107–471.
May 20, 2002: Considered under suspension of the rules. At the conclusion of debate, the Yeas and Nays were demanded and ordered. Pursuant to the provisions of clause 8, rule XX, the Chair announced that further proceedings on the motion would be postponed.
May 21, 2002: Considered as unfinished business. On motion to suspend the rules and pass the bill, as amended, agreed to by the voice vote.
May 21, 2002: Referred to the Senate Committee on Veterans' Affairs.
August 1, 2002: Senate Committee on Veterans' Affairs discharged by unanimous consent.
August 1, 2002: Passed the Senate with an amendment and an amendment to the Title by unanimous consent.
Sep. 17, 2002: House agreed to Senate amendments with an amendment pursuant to H. Res. 526.
Sep. 18, 2002: Message on House action received in Senate and at desk: House amendment to Senate amendments.
Oct. 15, 2002: Senate concurred in House amendments with an amendment by unanimous consent.
Oct. 16, 2002: The Majority Leader asked unanimous consent that the House agree to the Senate amendment to the House amendment to the Senate amendments.
Oct. 16, 2002: On motion that the House agree to the Senate amendment to the House amendment to the Senate amendments. Agreed to without objection.
Nov. 7, 2002: Signed by the President, Public Law 107–287.

Public Law 107–288

Jobs For Veterans Act

(H.R. 4015, AS AMENDED)

Title: To amend title 38, United States Code, to revise and improve employment, training, and placement services furnished to veterans, and for other purposes.

Summary: H.R. 4015, as amended, will:

1. Provide priority of service to veterans and spouses of certain veterans for the receipt of employment, training, and placement services in any job training program directly funded, in whole or in part, by the Department of Labor, notwithstanding any other provision of law.
2. Provide, with respect to Federal contracts and subcontracts in the amount of $100,000 or more, that the contractor and any subcontractor take affirmative action to employ and advance qualified veterans in employment, including immediately listing employment openings for such contracts through the appropriate employment delivery system.
3. Replace the Veterans Readjustment Appointment authority and its 10-year eligibility period with a Veterans Recruitment Appointment authority and an unlimited eligibility period. This provision also makes certain eligibility changes.
4. Require the Secretary to carry out a program of financial and non-financial performance incentive awards to be administered by the States to encourage the improvement and modernization of employment, training and placement services for veterans.
5. Make the position of Deputy Assistant Secretary for Veterans' Employment and Training (DASVET) a federal civil service position; the individual appointed to this position will be required to have at least five years of Federal civil service employment in a management position or a comparable position in the Armed Forces preceding appointment as DASVET.
6. Include, among the conditions for receipt of funding by States, a requirement that a State submit an application for a grant or contract describing the plan by which the State is to furnish employment, training, and placement services.
7. Revise the methods by which the Secretary furnishes funds to a State. Require the Secretary to make funds available for a fiscal year to each State in proportion to the number of veterans seeking employment using such criteria as the Secretary may establish in regulation, including civilian labor force and unemployment data. The proportion of funding will reflect the ratio of the total number of veterans seeking employment in the State to the total number of veterans seeking employment in all States.
8. Require that the Secretary phase in the funding described by paragraph seven over a three fiscal year period that begins on October 1, 2002.
9. Authorize the Secretary to establish minimum funding levels and "hold-harmless" criteria in administering funding to the States.
10. Require the Secretary to establish in regulations a uniform national threshold entered-employment rate for a program year by which determinations of deficiency in program performance may be made. The Secretary will be required to take into account the applicable annual unemployment data for the State and consider other factors, such as prevailing economic conditions, that affect performance of individuals

providing employment, training, and placement services in the State.

11. Require that when a State has an entered-employment rate that the Secretary determines was deficient for the preceding year, the State must develop and implement a corrective action plan that is submitted to and approved by the Secretary.
12. Require the Secretary to establish a technical assistance program to assist States that have or may have a deficient entered-employment rate.
13. Give the Secretary authority to determine the duties of the Regional Administrator for Veterans' Employment and Training.
14. Require the Assistant Secretary of Labor for Veterans' Employment and Training to establish and implement a comprehensive accountability system to measure the performance of delivery systems in a State. Require such standards and measures to be (1) consistent with State performance measures applicable under section 136(b) of the Workforce Investment Act of 1998, and (2) appropriately weighted to provide special consideration for placement of veterans who require intensive services, or who enroll in readjustment counseling services furnished by the Department of Veterans Affairs.
15. Require the Secretary to assign to each State a representative of the Veterans' Employment and Training Service (VETS) to serve as the Director for Veterans' Employment and Training (DVET) and full-time Federal clerical or other support personnel to each Director; authorize the Secretary to assign other supervisory personnel as the Secretary determines appropriate.
16. Require, subject to approval by the Secretary, that States employ a sufficient number of full or part-time Disabled Veterans Outreach Program Specialist (DVOPS) to carry out intensive services to meet the employment needs of special disabled veterans, other disabled veterans and other eligible veterans. Require to the maximum extent practicable that such employees be qualified veterans, with preference given to qualified disabled veterans.
17. Require, subject to approval by the Secretary, that a State employ such full and part-time Local Veterans Employment Representatives (LVERs) as the State determines appropriate and efficient to carry out employment, training and placement services. (To the maximum extent practicable, such employees would be qualified veterans or eligible persons.)
18. Allow the Secretary to gain performance credit, through the States, for assisting servicemembers in transition to civilian careers.
19. Require the Secretary, within 18 months of enactment, to enhance the delivery of services by providing "one-stop" services and assistance to covered persons electronically by the Internet and by other electronic means.
20. Clarify the authority of the National Veterans' Employment and Training Services Institute (NVETSI) to enter into con-

tracts or agreements with departments or agencies of the United States or of a State, or with other organizations, to carry out training in providing veterans' employment, training, and placement services. Require that each annual budget submission include a separate listing of the funding requested for NVETSI.

21. Authorize $3 million to be appropriated to the Secretary of Labor from the employment security administration account in the Unemployment Trust Fund for each of fiscal years 2003 through 2005 to establish within the Department of Labor the President's National Hire Veterans Committee. The Committee would furnish information to employers on the training and skills of veterans and disabled veterans, and on the advantages afforded employers by hiring veterans.
22. Require a Comptroller General study on effectiveness of implementation of provisions in this title not later than six months after the conclusion of the program year that begins during fiscal year 2004.

Effective date: Date of enactment except the following sections:

Sec. 2(b): The amendments made by this section are summarized in paragraph two above, and would apply with respect to contracts entered into on or after the first day of the first month that begins 12 months after the date of the enactment of this Act.

Sec 2(c): The amendments made by this section are summarized in paragraph three above, and shall apply to qualified covered veterans without regard to any limitation relating to the date of the veteran's last discharge or release from active duty that may have otherwise applied under section 4214(b)(3) as in effect on the date before the date of enactment of this Act.

Sec 4(a): The amendments made by this subsection are summarized in paragraph five above, and shall take effect on the date of enactment of this Act, and apply for program and fiscal years under chapter 41 of title 38, United States Code, beginning on or after such date.

Sec 4(b): The amendment made by this section are summarized in paragraphs six and seven above, and shall take affect on the date of enactment of this Act, and apply to budget submissions for fiscal year 2004 and each subsequent fiscal year.

Sec. 5(d): The amendments made by paragraph (1) are summarized in paragraphs 10 and 11 above, and shall apply to reports for program years beginning on or after July 1, 2003.

Legislative history:

May 9, 2002: H.R. 4015 ordered reported amended favorably by the Committee on Veterans' Affairs.

May 20, 2002: H.R. 4015 reported amended favorably by the Committee on Veterans' Affairs. H. Rept. 107–476.

May 20, 2002: Considered under suspension of the rules. At the conclusion of debate, the Yeas and Nays were demanded and ordered. Pursuant to the provisions of clause 8, rule XX, the Chair announced that further proceedings on the motion would be postponed.

May 21, 2002: Considered as unfinished business. On motion to suspend the rules and pass the bill, as amended, agreed to by the Yeas and Nays: 409–0 (Roll No. 184).

May 22, 2002: Referred to the Senate Committee on Veterans' Affairs.
Oct. 15, 2002: Senate Committee on Veterans' Affairs discharged by unanimous consent.
Oct. 15, 2002: Passed the Senate with an amendment by unanimous consent.
Oct. 16, 2002: The Majority Leader asked unanimous consent that the House agree to the Senate amendment.
Oct. 16, 2002: On motion that the House agree to the Senate amendment. Agreed to without objection.
Nov. 7, 2002: Signed by the President, Public Law 107–288.

Public Law 107–330

Veterans Benefits Act of 2002

(S. 2237, AS AMENDED)

Title: An Act to amend title 38, United States Code, to improve authorities of the Department of Veterans Affairs relating to veterans' compensation, dependency and indemnity compensation, and pension benefits, education benefits, housing benefits, memorial affairs benefits, life insurance benefits, and certain other benefits for veterans, to improve the administration of benefits for veterans, to make improvements in procedures relating to judicial review of veterans' claims for benefits, and for other purposes.

Summary: S. 2237, as amended, would:

Title I – Compensation and Benefits Enhancements

1. Provide that a surviving spouse, upon remarriage at age 55 or older, would retain eligibility for the Civilian Health and Medical Program of the Department of Veterans Affairs (CHAMPVA).
2. Provide that women veterans who have suffered the anatomical loss of 25 percent or more tissue from a single breast or both breasts in combination (including loss by mastectomy or partial mastectomy) or received radiation treatment of breast tissue may be eligible for special monthly compensation.
3. Allow VA to consider partial non-service-connected hearing loss in one ear when rating disability for veterans with service-connected hearing loss, rated at 10 percent or more, in the other ear.
4. Authorize VA to contract with the National Academy of Sciences to review and assess hearing loss related to military service.

Title II – Memorial Affairs

1. Prohibit the issuance of Presidential Memorial Certificates, flags, and memorial headstones or grave markers to veterans convicted or fleeing from prosecution of a State or Federal capital crime.
2. Eliminate the requirement that the Secretary of Veterans Affairs or the Secretary of the Army be notified of a finding by the Attorney General or the appropriate State official, in cases of persons who are found to have committed capital crimes but who avoided conviction of the crime through flight or death preceding prosecution.

3. Provide that the Secretary of Veterans Affairs shall furnish a government marker to those families who request one for the marked grave of a veteran buried at a private cemetery, who died on or after September 11, 2001 (Public Law 107–103 applied to veterans who died on or after December 27, 2001).
4. Authorize the Secretary of the Army to place in Arlington National Cemetery a new memorial marker honoring veterans who fought in the Battle of the Bulge during World War II.

Title III – Other Matters

1. Increase funding for State approving agencies to $14 million in fiscal year 2003, $18 million in fiscal year 2004, $18 million in fiscal year 2005, $19 million in fiscal year 2006, and $19 million in fiscal year 2007.
2. Allow veterans over the age of 70 to continue coverage under Veterans' Mortgage Life Insurance.
3. Authorize VA to guaranty hybrid adjustable rate mortgages for a period of two years.
4. Increase the Medal of Honor special pension from $600 to $1,000 per month, beginning October 1, 2003. The pension amount would be adjusted annually to maintain the value of the pension in the face of the rising cost of living. The recipient would receive a one-time, lump-sum payment in the amount of special pension the recipient would have received between the date of the act of valor and the date that the recipient's pension actually commenced.
5. Provide coverage under the provisions of the Soldiers' and Sailors Civil Relief Act of 1940 to members of the National Guard who are called to active service for more than 30 consecutive days under section 502(f) of title 32, United States Code, to respond to a national emergency.
6. Extend the authority of the Internal Revenue Service (IRS) to furnish income information to VA from IRS records so that VA might determine eligibility for VA needs-based pension, parents dependency and indemnity compensation, and priority for VA health-care services to September 30, 2008.
7. Increase the loan fee for assumptions for fiscal year 2003 from 0.50 percent to 1.0 percent.

Title IV – Judicial Matters

8. Make jurisdictional and scope of review changes for the Court of Appeals for Veterans Claims and for the Court of Appeals for the Federal Circuit, and authorize payment of reasonable fees under the Equal Access to Justice Act to certain non-attorney practitioners before the Court.

Effective date: Date of enactment except the following sections:

Sec. 101(b): 50 percent effective June 1, 2003
100 percent effective December 2007
Sec. 203: September 11, 2001
Sec. 301: October 1, 2002
Sec. 304(a) and (b): September 1, 2003
Sec. 308(c): December 28, 2001
Sec. 308(e): November 1, 2000

Legislative history:

April 24, 2002: Referred to the Senate Committee on Veterans' Affairs.

June 6, 2002: Senate Committee on Veterans' Affairs. Ordered to be reported with an amendment in the nature of a substitute favorably.

August 1, 2002: Reported to the Senate with an amendment in the nature of a substitute and an amendment to the Title, with written report number 107–234.

Sep. 26, 2002: Passed the Senate with an amendment and an amendment to the Title by unanimous consent.

Sep. 30, 2002: Received in the House.

Nov. 15, 2002: The Majority Leader asked unanimous consent that the House agree with amendments to the Senate bill. Agreed to without objection. (Note: Consists of certain provisions from H.R. 2561, H.R. 3423, H.R. 4085, H.R. 4940, and H.R. 5055.)

Nov. 18, 2002: Senate concurred in the House amendments to the Senate bill by unanimous consent.

Dec. 6, 2002: Signed by the President, Public Law 107–330.

ACTIVITIES OF THE COMMITTEE

LEGISLATIVE ACTIVITIES

First Session

Hearing on H.R. 811, Veterans' Hospital Emergency Repair Act

On March 13, 2001, the Committee held a hearing on H.R. 811, the Veterans Hospital Emergency Repair Act. The Committee received testimony from three panels of witnesses, including the major veterans' organizations and two panels of witnesses representing the Department of Veterans Affairs (VA). Witnesses representing the veterans service organizations were: Mr. Dennis Cullinan, Director, National Legislative Service, the Veterans of Foreign Wars; Mr. Thomas Davies, A.I.A., Paralyzed Veterans of America; Ms. Joy Ilem, Assistant National Legislative Director, Disabled American Veterans; Mr. James Fischl, Director, National Veterans Affairs and Rehabilitation Commission, the American Legion; and Mr. Richard Jones, National Legislative Director, AMVETS (American Veterans of WWII, Korea and Vietnam).

The two VA panels were led by Honorable Thomas L. Garthwaite, M.D., Under Secretary for Health, Veterans Health Administration (VHA), accompanied by Dr. Frances M. Murphy, Deputy Under Secretary for Health, VHA; Mr. D. Mark Catlett, Acting Assistant Secretary for Management, Office of Financial Management; and Mr. Charles Yarbrough, VHA Chief Facilities Management Officer. VA's second panel consisted of VHA Veterans Integrated Service Network (VISN) Directors, including Mr. Lawrence A. Biro, Director, VISN 4 (Pennsylvania–Delaware); Dr. Jeannette Chirico-Post, Director, VISN 1 (New England); Mr. Kenneth Clark, Director, VISN 22 (Southern California–Nevada); Ms. Patricia A. Crosetti, Director, VISN 15 (Missouri–Kansas); Mr. James J. Farsetta, Director, VISN 3 (New Jersey–New York City and lower Hudson Valley); and Robert L. Wiebe, M.D., Director, VISN 21(Northern California–Nevada).

H.R. 811 would have provided the Secretary of Veterans Affairs a major medical facility construction authority for fiscal years 2002 and 2003 for projects that cost less than $25 million each. Up to two projects could exceed this limitation if the purpose was for urgent seismic correction. The bill would have authorized $250 million in appropriations in fiscal year 2002 and $300 million in fiscal year 2003.

This bill was introduced because the Committee identified the need for Congress to address problems of substandard and unsafe patient care infrastructure in some VA medical facilities. Many older VA hospitals are deteriorating because VA is encountering increasing difficulty in obtaining funding to update, modernize and renovate patient care facilities for veterans in need of care.

For the past two years, VA has engaged in an effort to determine whether present VA health-care facility infrastructures are meeting veterans' needs in the most appropriate manner. This process, called "Capital Assets Realignment for Enhanced Services" (CARES), may not achieve its intended goals for at least several years. In the interim, the Committee was concerned that a number

of VA hospitals need additional maintenance, repair and improvements to address immediate dangers and hazards, promote patient and staff safety, and maintain a reasonable standard of care for the veterans.

After the introduction of this bill, VA provided the Committee with a list of immediate construction needs in VA medical centers that would be appropriate according to its provisions, as follows:

Location	Purpose	Cost
Atlanta	Patient Wards Modernization	$12.9 million
Cleveland	Special Emphasis Renovation	$19.6 million
Miami	Energy Center Replacement	$24.9 million
San Diego	Seismic Corrections	$35.6 million
VISN 6	Special Emphasis Renovation	$17.1 million
Augusta	Spinal Cord Injury Modernization	$10.6 million
Boston	Clinical Inpatient Improvements	$25 million
Cleveland	Ambulatory Surgery Consolidation	$19.9 million
Dallas	Mental Health Improvements	$27.6 million
Palo Alto	Seismic Corrections	$26.6 million
Philadelphia	Research Renovation	$21.8 million
Pittsburgh	Ambulatory Care Addition	$28.2 million
San Francisco	Seismic Corrections	$29.4 million
Syracuse	Clinical Expansion/MRI Addition	$4.7 million
Tampa	Ambulatory Care Addition	$12 million
Washington	Outpatient Clinic Expansion	$20.8 million
West Haven	Nursing Units Renovation	$14.3 million
Los Angeles	Seismic Corrections	$26.6 million

The Committee believes that numerous additional meritorious projects could have been identified and approved under the authority H.R. 811 would have provided.

Markup of H.R. 811

On March 21, 2001, the Committee met to markup H.R. 811, the Veterans Hospital Emergency Repair Act. The bill was approved unanimously by the Committee, which ordered the bill reported favorably, as amended, to the House (see House Report 107–28). The House passed the bill by voice vote on March 27, 2001. However, the Senate did not act on it.

Hearing on H.R. 2716, the Homeless Veterans Assistance Act of 2001, and H.R. 936, the Heather French Henry Homeless Veterans Assistance Act

On September 20, 2001, the Committee on Veterans' Affairs held a hearing on homelessness among veterans, and received testimony on H.R. 2716, the "Homeless Veterans Assistance Act of 2001", introduced by the Committee's Chairman, Honorable Christopher H. Smith, and other Members on August 2, 2001, and another measure, H.R. 936, the "Heather French Henry Homeless Veterans Assistance Act of 2001", introduced by the Committee's Ranking Member, Honorable Lane Evans, and other Members on March 8, 2001.

Those testifying at the hearing included: Dr. Frances M. Murphy, Deputy Under Secretary for Health, VHA; Mr. Peter H. Dougherty,

Director, VA Homeless Veterans Program; Honorable Roy A. Bernardi, Assistant Secretary for Community Planning & Development, Department of Housing and Urban Development (HUD); Mr. John B. Garrity, Director, Office of Special Needs Assistance, HUD; Mrs. Heather French Henry, Miss America 2000; Mr. John Kuhn, Chief, VA New Jersey Homeless Services; Ms. Angela Gipson; Mr. Stuart Collick; Mr. Walter McConnell; Mr. Carl Blake, Associate Legislative Director, Paralyzed Veterans of America; Mr. Brian E. Lawrence, Associate National Legislative Director, Disabled American Veterans; Ms. Jacqueline Garrick, Deputy Director, Health Care, National Veterans Affairs & Rehabilitation Commission, The American Legion; Ms. Linda Boone, Executive Director, National Coalition for Homeless Veterans; Mr. Theodore R. Jones, Chief Steward, Local 1647, American Federation of Government Employees, AFL-CIO; Mr. Len Selfon, Director, Veterans Benefits, Vietnam Veterans of America; and Mr. Richard Schneider, Director, State/Veterans Affairs, Non-Commissioned Officers Association.

The main objective of H.R. 2716 was to address homelessness among the veteran population, innovative approaches at prevention, expansion of current programs, and applications of greater accountability for federally-funded programs. This bill consolidated and improved laws relating to homeless veterans into a new chapter 20 of title 38, United States Code.

In addition, this bill established priorities for homeless programs when VA considers disposing of real property or entering into enhanced-use lease arrangements, and set aside rental assistance vouchers for The Department of Housing and Urban Development's VA-Supported Housing Program.

H.R. 936 worked toward the goal of ending homelessness within veterans in a decade. It increased per diem payments for the care of homeless veterans by authorizing rates equal to that of state home domiciliaries. Other provisions of the bill authorized the establishment of a grant program for homeless veterans with special needs, dental care for veterans using VA homeless programs, technical assistance to nonprofit community based groups, and an Advisory Committee on Homeless Veterans.

Each of the witnesses expressed strong overall support for the bills.

Markup of H.R. 2716

On October 4, 2001, the Subcommittee on Health met and unanimously favorably reported H.R. 2716, as amended, to the full Committee. A number of the concepts of H.R. 936 were included in H.R. 2716. On October 10, 2001, the full Committee met and ordered H.R. 2716 reported favorably, as amended, to the House by unanimous voice vote (see House Report 107–241, Part I). On October 16, 2001, the House passed H.R. 2716, as amended, by voice vote. On December 6, 2001, the Senate passed the bill with an amendment by unanimous consent. Five days later the House agreed by voice vote to accept the Senate amendment, which was subsequently enacted into Public Law 107–95, the Homeless Veterans Comprehensive Assistance Act of 2001, on December 21, 2001 (see p. 11 for summary).

Hearing on H.R. 3423, to Enact into Law Eligibility of Certain Veterans and Their Dependents for Burial in Arlington National Cemetery

On December 13, 2001, the Committee held a hearing on H.R. 3423, which would have extended in-ground burial eligibility in Arlington National Cemetery to members or former members of a reserve component of the Armed Forces and their dependents, who at the time of death were under 60 years of age and but for age, would have been eligible for military retired pay under title 10, United States Code. H.R. 3423 would also have extended such eligibility to members of a reserve component of the Armed Forces who die in the line of duty while on active duty for training or inactive duty training, and their dependents. Further, the bill would have authorized the Secretary of the Army to construct and place a memorial at Arlington National Cemetery honoring the victims of the acts of terrorism perpetrated against the United States on September 11, 2001. Over the years, Congress has extended various veterans' benefits to members of the reserve components (the Reserve and National Guard) that were previously available only to veterans who had served on active duty. Reservists play an essential role in the total force concept of today's military; the reserve components are responsible for providing many critical skills and mission capabilities.

Mr. John Metzler, Superintendent, Arlington National Cemetery, testified on behalf of the Administration. Representatives of the veterans service organizations included Mr. Bob Manhan, Veterans of Foreign Wars; Mr. Steven Garrett, The Retired Enlisted Association; Mr. Richard Schneider, Non Commissioned Officers Association; Mr. Bob Norton, The Retired Officers Association; and Mr. Patrick Eddington, Vietnam Veterans of America.

The Administration did not support codification of burial eligibility criteria. The Administration disapproved expansion of the burial eligibility because of current space limitations at the cemetery and the possible denial of in ground burial to other eligible veterans. The veterans service and military organizations strongly supported the bill.

On December 13, 2001, the full Committee met and ordered H.R. 3423 reported favorably, as amended, to the House by unanimous voice vote (see House Report 107–346). On December 20, 2001, the House passed H.R. 3423, as amended, by voice vote. However, the Senate did not act on the bill.

Second Session

Hearing on H.R. 4939, the Veterans Medicare Payment Act of 2002

On June 13, 2002, Chairman Smith introduced H.R. 4939, the Veterans Medicare Payment Act of 2002, which would have amended title 18 of the Social Security Act to provide for a transfer of the Part B (Supplementary Medical Insurance) premium payment from the Federal Supplementary Medical Insurance Trust Fund to the Department of Veterans Affairs for outpatient care furnished to Medicare-eligible veterans by the Department.

The bill would have allowed VA to begin receiving an annual sum of money in 2003, equal to the Medicare Part B premium paid by each veteran enrolled in Medicare Part B and also receiving outpatient care from VA during that year. For 2002, the monthly Medicare Part B premium was approximately $54 and would have resulted in annual payments of approximately $650 for each covered veteran. The bill would have allowed covered veterans to choose both VA and non-VA health care providers to meet their outpatient care needs.

The Committee held a legislative hearing on H.R. 4939, the Veterans Medicare Payment Act of 2002, on July 13, 2002. The principal witnesses were Honorable Robert H. Roswell, M.D., Under Secretary for Health, VHA, accompanied by Dr. Frances M. Murphy, Acting Deputy Under Secretary for Health and Policy Coordination, VHA, and Mr. Tim S. McClain, VA General Counsel; Mr. Tom Grissom, Director, Center for Medicare Management at the Centers for Medicare and Medicaid, Department of Health and Human Services (HHS); Mr. Carl Blake, Associate Legislative Director, Paralyzed Veterans of America; Mr. Paul A. Hayden, Deputy Director, National Legislative Service, Veterans of Foreign Wars; Mr. Steve Robertson, Director, National Legislative Commission, The American Legion; Mr. Rick Weidman, Director, Government Relations, Vietnam Veterans of America; and Ms. Joy J. Ilem, Assistant National Legislative Director, Disabled American Veterans.

Dr. Roswell testified that, although VA strongly supported the concept of coordinating federal health care benefits to enhance beneficiary care and maximize the use of federal funds, the Administration was concerned that this transfer of federal funds would significantly increase mandatory spending with no identified offset; and that the additional income would likely be offset against the appropriations, thus resulting in zero net gain in additional resources for VA medical care. VA pointed out the existence of the presidential task force examining the coordination of health care delivery issues between VA and the Department of Defense.

Mr. Tom Grissom, Director of the Center for Medicare Management at the Centers for Medicare and Medicaid, HHS, agreed in his testimony that beneficiaries eligible for both Medicare and veterans health care benefits should enjoy a wide range of choices and improved service, provided that any changes to the Medicare program did not harm the financial integrity of the Medicare Trust Funds.

In a second panel, testimony from five veterans service organizations offered support for the intent of the bill and suggested additional considerations regarding such issues as service-disabled veterans, specialized care, TRICARE for Life-compatible authority and mandatory funding for VA health care.

OVERSIGHT ACTIVITIES

First Session

Hearing on Proposed Fiscal Year 2002 Budgets for Veterans Programs

On March 6, 2001, the Committee held a hearing on the fiscal year 2002 budgets for veterans programs. The principal witness for VA was Honorable Anthony J. Principi, Secretary of Veterans Affairs. Representatives testifying on behalf of the Independent Budget group were: Mr. Harley Thomas, Health Policy Analyst, Paralyzed Veterans of America; Mr. David W. Gorman, Executive Director, Disabled American Veterans; Mr. Howie DeWolf, National Service Director, AMVETS; Mr. Frederico Juarbe, Jr., Director, National Veterans Service, Veterans of Foreign Wars. Also testifying were: Mr. James R. Fischl, Veterans Affairs & Rehabilitation Commission, The American Legion; Mr. Richard Weidman, Director, Government Relations, Vietnam Veterans of America; and Mr. Mark Olanoff on behalf of National Military Veterans Alliance.

The Administration submitted a broad budget outline without detailing specific program funding levels. The President requested over $51 billion for veterans' benefits and services, with $28.1 billion for entitlement programs and $23.4 billion for discretionary programs. This proposed budget amounted to a discretionary funding increase of $1 billion or 4.5 percent more than the fiscal year 2001 funding level.

The veteran service organization representatives presenting the Independent Budget testified that the President's budget was not adequate and at least a $1.3 billion increase in discretionary funding was necessary to maintain the status quo. In order to realize VA's stated goals for improving medical care, the Independent Budget asked for an increase of at least $2.7 billion.

The Committee recommended a fiscal year 2002 budget calling for a $2.1 billion increase in discretionary spending for VA. The Committee recommended increases of more than $1.525 billion for VA medical care, including $141 million for mental health programs, $100 million for higher pharmacy costs, $88 million for long-term care, $75 million for staff to reduce waiting times, $68 million for emergency care, $30 million for homeless programs, $23 million for spinal cord injury programs a $1 billion inflationary adjustment.

The Committee also recommended a $130 million increase for VBA, including $49.8 million for 830 full time employees to help reduce a large claims backlog. In addition to the recommended discretionary spending increases, the Committee recommended $300 million in additional direct spending for education and other benefits increases (see p. 92, Report on the Budget Proposed for Fiscal Year 2002).

Hearing on VA's Ability to Respond to DOD Contingencies and National Emergencies

On October 15, 2001, the Committee held a hearing to examine VA's role in responding to Department of Defense contingencies and national emergencies. Witnesses included: Ms. Cynthia A. Bascetta, Director, Veterans' Health and Benefits Issues, GAO;

Honorable Anthony J. Principi, Secretary of Veterans Affairs; Honorable Claude A. Allen, Deputy Secretary of Health and Human Services; Dr. Sue Bailey, former Assistant Secretary of Defense for Health Affairs; Mr. Kenneth S. Kasprisin, Associate Director of the Readiness, Response and Recovery Division, Federal Emergency Management Agency; Mr. James Krueger, Executive Vice President for Chapter Services Network, the American Red Cross; Ms. Annie W. Everett, Acting Regional Administrator for the National Capitol Region, U.S. General Services Administration; and Honorable David S. C. Chu, Under Secretary of Defense for Personnel and Readiness.

Public Law 97–174, the "Veterans' Administration and Department of Defense Health Resource Sharing and Emergency Operations Act," (section 8111A of title 38, United States Code) states that VA is the principal medical care backup for military health care "during and immediately following a period of war, or a period of national emergency declared by the President or the Congress that involves the use of Armed Forces in armed conflict."

Under the VA/DOD Contingency Hospital System, DOD may use available VA hospital beds for treatment of casualties. The Act also provided for the establishment of a national database to collect information about bed availability within VA to support DOD needs. The terrorist attacks of September 11th necessitated assessment of VA capabilities to provide health care to casualties that could result from either military operations or national emergencies.

The Committee examined a number of issues concerning VA's statutory role, and whether its role should be enhanced. The hearing also reviewed what impact the President's call up of the Reserve Components would have on VA medical personnel and its ability to provide patient care. Secretary Principi provided a detailed account of the actions taken by VA in the aftermath of the attacks, as well as VA's state of readiness to respond to future events. The Committee also heard from a number of federal agencies that work with VA in the Federal Response Plan and the National Disaster Medical System. The Committee questioned these agencies on both the effectiveness of the assistance received from VA, and the potential for VA to provide support in additional areas. VA and the agencies present agreed that further cooperation would enhance the Nation's ability to respond to future terrorist attacks.

Finally, the Committee requested assurance from Secretary Principi that the VA clinical and research laboratories authorized to receive and store potential biological agents, chemical agents, radiological agents with potential use in weapons of mass destruction were adequately secure, and that individuals with access to those materials were of known reliability. Secretary Principi responded with an investigation of VA laboratories by the Office of the Inspector General (IG) and subsequently addressed the IG's findings.

Hearing to Receive the Report of the VA Claims Processing Task Force

On November 6, 2001, the Committee held a hearing to receive the report of the VA Claims Processing Task Force. Admiral Daniel Cooper (USN, Ret.), Chairman of the Task Force, testified on behalf of the Task Force.

The Task Force was created by the Secretary of Veterans Affairs in April 2001 to find ways to make adjudicating applications for veterans benefits faster, easier, and more accurate. The 10-person task force examined issues affecting disability claims adjudication, including medical examinations, information technology, and efforts to reduce the backlog and increase the accuracy of decisions. The Task Force delivered their final report to the Secretary on October 3, 2001.

Admiral Cooper outlined the Task Force's mission, methodology, and recommendations. The Task Force made 34 recommendations: 20 short-term recommendations possible to implement within six months, and 14 medium-term recommendations. The recommendations of the Task Force fell within the following general categories: freeing up direct labor hours; eliminating the backlog; improving claims timeliness; improving accountability; streamlining the organization, management and process of adjudicating claims; streamlining operations; improving the quality of decisions; improving and streamlining compensation and pension medical examinations; examining appeals and remands; and examining the training procedures at the regional office level.

Second Session

Hearing on Proposed Fiscal Year 2003 Budgets for Veterans Programs

On February 13, 2002, the Committee held a hearing on proposed fiscal year 2003 budgets for veterans programs. The principal witnesses for the government were Honorable Anthony J. Principi, Secretary of Veterans Affairs, and Honorable Frederico Juarbe, Jr., Assistant Secretary for Veterans' Training and Employment, Department of Labor. Representatives testifying on behalf of the Independent Budget group were: Mr. Bob Jones, Executive Director, AMVETS, Mr. Richard B. Fuller, National Legislative Director, Paralyzed Veterans of America, Mr. Rick Surratt, Deputy National Legislative Director, Disabled American Veterans, Mr. Dennis Cullinan, Director, National Legislative Service, Veterans of Foreign Wars, and Mr. Richard Jones, National Legislative Director, AMVETS. Also testifying were Mr. James R. Fischl, Director, National Veterans Affairs & Rehabilitation Commission, The American Legion, and Mr. Rick Weidman, Director, Government Relations, Vietnam Veterans of America.

On behalf of the Administration, Honorable Anthony J. Principi presented a budget proposal of $58 billion for veterans' benefits and services—$30.1 billion for entitlement programs and $27.9 billion for discretionary programs. This represented an increase of $6.1 billion over the 2002 enacted level, with VA's discretionary funding receiving a $3.1 billion increase over the 2002 level, including medical care collections. Secretary Principi presented the budget as ". . . the largest increase ever proposed for veterans' discretionary programs." Excluding certain new activities, VA's budget for discretionary programs reflected an increase of $1.9 billion, or 7.8 percent over the previous year's funding level.

VA's budget proposal included a "demand initiative" of $1.8 billion in funding for new veterans expected to seek VA health care in fiscal year 2003; $396 million to address health care inflation for

fiscal year 2003, and $317 million in savings to be achieved through management improvements. The budget request also included a legislative proposal that Congress impose an annual health care deductible of $1,500 for Priority 7 veterans.

For fiscal year 2003, the Independent Budget recommended a medical care appropriation of $24.468 billion, representing an increase of $3.1 billion over fiscal year 2002. This proposed increase assumed no new initiatives or workload increases. The veterans service organization representatives testifying on behalf of the Independent Budget estimated the veterans budget for fiscal year 2002 was inadequate by $1.5 billion. To address this shortfall, and to provide for the current services requirements of VA, the Independent Budget recommended a $3.1 billion increase.

The Committee recommended increasing spending on veterans' health care by $3.2 billion to a level of $24.5 billion in the fiscal year 2003 budget. The Committee proposed that VA health care funding be increased more than $1.8 billion above the Administration's budget request for fiscal year 2003, an increase in health care and other discretionary spending of more than $3.6 billion over fiscal year 2002 appropriations, including almost $1 billion requested by the Administration to cover increased payroll costs and medical inflation. In addition, the major recommendations of the Committee for increases above the budget proposal from the Administration were: $1.1 billion to meet increased demand by Priority 7 veterans for health care; $300 million to make up a budget shortfall from fiscal year 2002; $194 million for hospital construction and renovation; $150 million for health care enhancements, including long term care and services for homeless veterans; and $200 million for emergency preparedness, including medical backup for DOD and bio-terrorism response (see p. 112, Report on the Budget Proposed for Fiscal Year 2003).

Hearing on Recommendations to Revise VA System of Health Care Resource Allocation

On April 30, 2002, the Committee held a field hearing in Trenton, New Jersey, on the status of recent recommendations to revise the system VA uses to make resource allocations to its health care facilities. The principal witnesses were Honorable Robert H. Roswell, M.D., Under Secretary for Health, VHA; Mr. Michael Slachta, Jr., VA Assistant Inspector General for Auditing, accompanied by Mr. Stephen L. Gaskell, Director, Office of Audit Central Office Operations Division; Ms. Cynthia A. Bascetta, Director, Healthcare-Veterans' Health and Benefits Issues, U.S. General Accounting Office (GAO), accompanied by Dr. James C. Musselwhite, Assistant Director, Healthcare, GAO; Mr. Michael H. Wysong, New Jersey Legislative Director, Veterans of Foreign Wars, accompanied by Mr. Donald E. Marshall, Jr., State Commander, Veterans of Foreign Wars; Mr. Vincent S. Bevilacqua, Department Service Officer, Department of New Jersey, The American Legion; Mr. Paul J. Tobin, Associate Executive Director of Benefit Services, Eastern Paralyzed Veterans Association; Mr. Daniel T. Flynn, Commander, Department of New Jersey, Disabled American Veterans; and Mr. Robert Maras, National Board of Directors, Vietnam Veterans of America.

The Veterans Equitable Resource Allocation (VERA) formula pursuant to Public Law 104–204 apportions federal funding for veterans' health care to the 21 Veterans Integrated Service Networks (VISNs) in the United States. This hearing focused on GAO and VA Inspector General reports calling for significant changes to the VERA formula.

First implemented in April 1997, the goal of the VERA formula was to better align VA's limited health care resources with the changing workloads at VA facilities across the country. According to the GAO and the VA Inspector General witnesses, however, their reports pointed out important weaknesses with the current VERA formula.

The hearing testimony emphasized the dramatic increase in demand by veterans for health care at VA. Prescription drug costs have risen dramatically in the past several years, while retirement income levels have remained fairly static. These combined trends have generated demand for VA-provided prescription drugs. At the same time, millions of veterans continue to use VA as their primary care provider because of the quality medical services available at increasingly convenient locations.

VA agreed at the conclusion of the hearing to consider the issues presented and to make appropriate modifications in the fiscal year 2003 VERA cycle wherever possible.

Hearing on Department of Veterans Affairs Homeless Veterans Programs

On September 12, 2002, the Committee held a hearing to assess the implementation of Public Law 107–95, the Homeless Veterans Comprehensive Assistance Act of 2001, (see p. 11 for summary) and other matters dealing with assistance to homeless veterans. This Act was signed into law on December 21, 2001, and amended title 38, United States Code, by revising, improving and consolidating provisions of law that provide benefits and services to homeless veterans into a new Chapter 20.

The principal witnesses were Honorable Anthony J. Principi, Secretary of Veterans Affairs, accompanied by Mr. Peter H. Dougherty, Director, VA Homeless Veterans Programs, Office of Public and Intergovernmental Affairs, Ms. M. Gay Koerber, Associate Chief Consultant, Health Care for Homeless Veterans, VHA, and Ms. Diane Fuller, Assistant Director, Veterans Services Staff, Compensation and Pension Service, VBA; Mr. Raymond Boland, Secretary, Wisconsin Department of Veterans' Affairs; Mr. G. Allan Kingston, President/CEO, Century Housing Corporation, Los Angeles, California; Mr. Robert Van Keuren, Chairman, Advisory Committee on Homeless Veterans; Ms. Linda Boone, Executive Director, National Coalition for Homeless Veterans; Mr. Richard C. Schneider, Director, State/Veterans Affairs, Non Commissioned Officers Association; Mr. Philip Mangano, Executive Director, Interagency Council on Homelessness; Mr. John Kuhn, Chief, New Jersey Homeless Services, Department of Veterans Affairs; Mr. Carroll Thomas, Chief Executive Officer of Middlesex County's Economic Opportunity Corporation; Mr. Scott Gaines, Veteran, United States Navy; Ms. Winter Otis, Veteran, United States Army; and. Mr. Jerome McCoy, Veteran, United States Marine Corps. The Committee

also received statements for the record from Mr. Richard Jones, National Legislative Director, AMVETS, and Ms. Sandra A. Miller, Chair, Vietnam Veterans of America.

Public Law 107–95 improved the accountability of the three federal departments most directly involved in homeless assistance to veterans: VA, and the Departments of Labor (DOL), and Housing and Urban Development (HUD). It provided $1 billion in new authorities over the next five years, including: increases in VA's grant and per diem program; new funds for the Homeless Veterans Reintegration Program (HVRP) at DOL; demonstration projects that deal with the most seriously mentally ill homeless veterans; approaches for homeless veterans with special needs, such as terminal illness, female veterans with dependent children, veterans who are frail and elderly; projects that focus on jailed or imprisoned veterans; a supported-housing voucher program administered jointly by VA and HUD; and technical assistance grants to community-based provider organizations.

With the Homeless Veterans Comprehensive Assistance Act of 2001, Congress identified ending chronic homelessness among veterans within a decade as a national goal. Honorable Anthony J. Principi cautioned that, while the authorities provided in this legislation will greatly assist in the effort to meet this goal, it will also take significant resources to implement many of the programs, which must be weighed against other VA health care priorities. Secretary Principi elaborated on the progress VA has made in the past nine months with a number of the provisions included in Public Law 107–95, such as the creation, charter and appointment of the Federal Advisory Committee on Homelessness; revitalization of the Interagency Council on Homelessness with HUD; partnerships with HUD, HHS, the Departments of Justice, DOL, and Agriculture and the Internal Revenue Service have been established on a variety of matters to improve veterans' access to homeless prevention and related services.

The Secretary testified that since authorized in 1992, the Homeless Providers Grant and Per Diem Program has obligated $63 million to help develop 5,700 transitional housing beds and 17 independent service centers, and purchase 128 vans. These projects are in 45 States and the District of Columbia. An additional 1,200 beds in existing community-based programs for the homeless have also received funding from VA.

Secretary Principi provided additional testimony on the status of such provisions as outreach services to address the needs of veterans at risk for homelessness (those being released from institutions after inpatient psychiatric care, substance abuse treatment, or imprisonment). These services were being explored collaboratively between VA, DOJ, and DOL. VA has established 35 Domiciliary Care for Homeless Veterans (DCMV) programs with a total of 1,873 beds over the past 15 years, according to the Secretary.

In addition, HUD funded three rounds of Section 8 vouchers of almost 600 vouchers each (a total of 1,753) for the HUD-VASH (VA Supported Housing) program. The Secretary reported that a rigorous experimental, three-year follow-up study found that HUD-VASH veterans had 25 percent more nights housed than veterans receiving standard VA care and had 36 percent fewer nights of

homelessness. Three years after entering the program, 80 percent of these veterans remained independently housed through the program. Despite the demonstrated effectiveness and existing authority for the program already existed, the Committee was disappointed to learn that no additional resources had been designated to issue new vouchers.

The slow forward movement in the Loan Guaranty for Multifamily Housing for Homeless Veterans program is another area of concern to the Committee. Secretary Principi pledged to implement this program on a pilot basis, in three to five locations, beginning in fiscal year 2004.

A major contribution to this hearing was the testimony of three formerly homeless veterans, Mr. Scott Gaines, Ms. Winter Otis, and Mr. Jerome McCoy, whose lives were positively impacted by the programs authorized in Public Law 107–95.

Hearing to Review the Department of Veterans Affairs Report on Veterans Burial Needs

On October 16, 2002, the Committee held a hearing on the current and future burial needs of America's veterans. Witnesses included: Dr. William Moore, Vice President for Infrastructure Management, Logistics Management Institute; Mr. Ronald Lind, Program Director, Organizational Improvement, Logistics Management Institute; Mr. Donald Prettol, Research Fellow, Logistics Management Institute; Mr. Vincent Barile, VA Deputy Under Secretary for Memorial Affairs; Mr. Daniel Tucker, Director, Office of Finance and Planning, NCA; and Mr. Richard Jones, National Legislative Director, AMVETS, on behalf of the Independent Budget.

Congress originally passed legislation in July of 1862 authorizing the President to purchase "cemetery grounds to be used as national cemeteries for soldiers who shall have died in the service of the country." NCA had an operating budget of $121 million for fiscal year 2002 with approximately 1,460 full time employees. NCA provided more than 83,000 internments annually. This figure represents an eight percent increase over the number of burials in the previous year.

At the hearing, the Logistics Management Institute (LMI) witnesses presented the Committee with a summary of its report, "Study on Improvements to Veterans Cemeteries." The report was mandated by section 613 of Public Law 106–117, the Millennium Health Care and Benefits Act of 1999.

Two major issues concerning future burial needs were raised at the hearing. The first issue was the appropriateness of the 75-mile area of service radius set by VA. The second was VA's decision to build only three of 31 new cemeteries LMI recommends will be needed by 2020. LMI examined the existing conditions of each cemetery and recommended a set of standards that NCA can use throughout its system. The standards of appearance fell into two categories, maintenance and burial operations. The standards were for headstones, turf and other groundcover, horticulture, facilities, floral tributes, neatness, personnel and security. LMI's overall assessment identified the need for 928 projects totaling more than $279 million. There was a general consensus among Committee

members and witnesses that a set of national standards for cemetery appearance should be established.

The State Cemetery Grants Program (SCGP) was also discussed. The SCGP works with NCA to establish gravesites for veterans where NCA cannot meet the burial needs of veterans. The SCGP was established in 1978 to complement NCA. The program assists states in providing gravesites for veterans in those areas where VA's national cemeteries cannot meet the burial needs of our veterans. VA has authority to provide up to 100 percent of the planning, design, and construction of an approved new cemetery. In response to questioning, LMI stated that it made no assumptions of additional state cemeteries concerning its construction recommendations.

ACTIVITIES OF THE SUBCOMMITTEES

SUBCOMMITTEE ON HEALTH

The Subcommittee on Health has legislative and oversight jurisdiction over the Department of Veterans Affairs' health care programs and the VA's health care delivery system (see p. 85 for Oversight Plan for 107th Congress).

LEGISLATIVE ACTIVITIES

First Session

Hearing on H.R. 2792, the Disabled Veterans Service Dog and Health Care Improvement Act of 2001 and Related Legislative Matters

On August 2, 2001, the Honorable Jerry Moran, Chairman of the Subcommittee on Health, introduced H.R. 2792, the Disabled Veterans Service Dog and Health Care Improvement Act of 2001. The bill authorized VA to provide service dogs to disabled veterans suffering from spinal cord injuries or dysfunction, other diseases causing physical immobility, hearing loss or other types of severe disabilities susceptible to improvement or enhanced functioning in activities of daily living through employment of a service dog. Also, the bill required a veteran to be enrolled in VA care as a prerequisite to eligibility for a service dog. The measure clarified that service dogs be provided to veterans in accordance with existing priorities for VA health care enrollment. H.R. 2792 strengthened the mandate for VA to maintain capacity in specialized medical programs for veterans by requiring each Veterans Integrated Service Network (VISN) to maintain a proportional share of national capacity in certain specialized health care programs. Those programs deal with serious mental illness, including: substance use disorders, opioid substitution programs; programs for "dual diagnosis" patients; spinal cord, brain injured and blinded veterans rehabilitation programs; and prosthetics and sensory aids programs.

Further, the bill established a new chiropractic services program in the Department, beginning with 30 medical centers, with nationwide implementation over a five-year period. It authorized chiropractors to be appointed as VA employees or their services acquired through contract, and created an advisory committee on chiropractic health care. It authorized chiropractors to function as VA

primary care providers, and provided for a national director of chiropractic service appointed with the same authority as other service directors in the Department's headquarters.

On September 6, 2001, the Subcommittee held a legislative hearing on H.R. 2792; and also on H.R. 1136, a bill to require VA pharmacies to dispense medications to veterans for prescriptions written by private practitioners; H.R. 1435, a bill to award grants to provide for a national toll-free hotline to provide information and assistance to veterans; and H.R. 936, the Heather French Henry Homeless Veterans Assistance Act.

The hearing witnesses were: Representative Lois Capps of California; Representative Dave Weldon of Florida; Representative Roger Wicker of Mississippi; Honorable Anthony J. Principi, Secretary of Veterans Affairs; Dr. Frances Murphy, Deputy Under Secretary for Health, Veterans Health Administration (VHA); Mr. Richard Fuller, National Legislative Director, Paralyzed Veterans of America; Ms. Joy Ilem, Assistant National Legislative Director, Disabled American Veterans; Mr. Thomas H. Miller, Executive Director, Blinded Veterans Association; Ms. Jacqueline Garrick, Deputy Director, American Legion; Mr. Richard Jones, National Legislative Director, AMVETS; and, Ms. Beth Barkley, Vice President, A Rinty for Kids, Inc., accompanied by several service dogs.

Witnesses supported a number of the proposals in the bills before the Subcommittee; nevertheless, the Secretary expressed concerns and reservations about a proposal in H.R. 2792 that would authorize a VA-community coordination pilot demonstration project. Also, the Secretary expressed concerns over the cost of the bill relative to other priorities for Veterans Health Administration.

Representative Weldon defended the VA-community coordination proposal, which had its genesis in a single-site demonstration in his Congressional district. Representative Wicker urged the Subcommittee to give further consideration to the concept of VA providing a prescription drug service to veterans who are cared for in their communities by licensed physicians and other caregivers licensed by state law to prescribe drugs. Representative Capps recommended her concept in H.R. 1435 of a toll-free hotline telephone service for veterans in need of VA interventions, as a means to improve coordination across VA programs, to stem homelessness, and employed as a performance improvement tool for the Department.

Veterans organization witnesses generally supported many of the provisions in H.R. 2792. However, most veteran service organizations expressed significant concerns about the coordinated-care demonstration pilot, in addition to concerns about providing a prescription-only service, as presented in H.R. 1136.

Subcommittee Markup of H.R. 2792

On October 4, 2001, the Subcommittee on Health met and unanimously favorably reported H.R. 2792, as amended, to the full Committee. The bill, as amended, incorporated a number of proposals considered by the Subcommittee during the hearing on September 6, 2001. On October 10, 2001, the full Committee met and by voice vote ordered H.R. 2792, as amended, reported favorably to the House (see House Report 107–242). On October 23, 2001, the House approved H.R. 2792, as amended. Subsequently, the Chair-

man of the Senate Veterans' Affairs Committee introduced S. 1188, a bill with a number of measures identical to the House bill.

The House and Senate Committees on Veterans' Affairs developed consensus legislation on these bills, subsequently introduced on December 11, 2001, by the Chairman and Ranking Member of the House Committee as a new bill, H.R. 3447, the Department of Veterans Affairs Health Care Programs Enhancement Act of 2001. The House passed H.R. 3447 on December 11, 2001 and the Senate passed it on December 20, 2001. The bill was signed by the President on January 23, 2002, and became Public Law 107–135 (see p. 18 for summary).

Second Session

Hearing on H.R. 3253, National Medical Emergency Preparedness Act of 2001 and H.R. 3254, Medical Education for National Defense in the 21st Century Act

On April 10, 2002, the Subcommittee on Health held a hearing to consider the following bills: H.R. 3253, National Medical Emergency Preparedness Act of 2001; and H.R. 3254, the Medical Education for National Defense in the 21st Century Act. The hearing witnesses were: Honorable Leo S. Mackay, Jr., Ph.D., Deputy Secretary of Veterans Affairs, accompanied by Honorable Robert H. Roswell, M.D., Under Secretary for Health, VHA, and Dr. Kristi Koenig, Director, Emergency Management Strategic Healthcare Group, VHA; Dr. Kevin Yeskey, Director, Bio-Terrorism Preparedness and Response Program, Centers for Disease Control and Prevention, Department of Health and Human Services; Dr. Deborah E. Powell, Executive Dean, University of Kansas School of Medicine; and Dr. Stephen F. Wintermeyer, Associate Professor of Clinical Medicine, Indiana University School of Medicine.

Also, the Subcommittee received testimony from representatives of veterans service organizations, including: Ms. Joy J. Ilem, Assistant National Legislative Director, Disabled American Veterans; Mr. Richard Jones, National Legislative Director, AMVETS; Mr. Thomas H. Corey, National President, Vietnam Veterans of America; Mr. James R. Fischl, Director, National Veterans Affairs and Rehabilitation Commission, The American Legion; Mr. Richard B. Fuller, National Legislative Director, Paralyzed Veterans of America; and Mr. Paul A. Hayden, Deputy Director, National Legislative Service, Veterans of Foreign Wars.

As part of the response to the September 11th terrorist attacks on the Nation, H.R. 3253 provided for at least four geographically separated National Medical Emergency Preparedness Centers. Each center would study remedies for the health consequences that arise from human exposure to chemical, biological, and nuclear substances that may be used as weapons of mass destruction. The bill authorized $100 million over five years to fund the new centers.

In addition to its medical care mission to care for millions of veterans, the veteran's health care system is the nation's largest provider of graduate medical education and is a major contributor to biomedical and other scientific research. Because of its widely dispersed, integrated health care system, the Committee believes VA should be appropriately utilized as a medical asset in responding to national, regional and local emergencies. The VA has long been

an integral part of the Federal Response Plan, and an important local resource in helping communities cope with natural disasters of recent years. VA should be prepared to conduct research and develop detection, diagnosis, prevention and treatment methods for responding to emergencies, and should serve as a clearinghouse to disseminate related information to other public and private health care providers.

H.R. 3254, the Medical Education for National Defense in the 21st Century Act, introduced Representative Steve Buyer of Indiana on November 8, 2001, gave VA the responsibility to establish a program to develop and disseminate model education and training programs for medical responses to terrorist activities. VA's national infrastructure, which allows affiliations with over 107 medical schools and other schools of the health professions, is ideal for preparing medical professionals to be more knowledgeable and medically competent in the treatment of casualties from terrorist attacks.

Testifying for the Department, Deputy Secretary Mackay acknowledged that VA has the infrastructure and expertise to be a vital and integral link in the nation's Homeland Security efforts, with VA facilities in virtually every community across the United States. VA has a robust research program and is already actively engaged in numerous projects in the areas of bio-terrorism and medical emergency preparedness. However, the Deputy Secretary raised two major concerns with the proposed legislation. The first concern centered on the President's Homeland Security policy, which was pending at that time. The Department asked the Committee to ensure that the provisions of H.R. 3253 and H.R. 3254 were consistent with the comprehensive federal plan for homeland security.

The second concern the Deputy Secretary presented in his testimony focused on the inadequacy of the Department's budget to implement an unfunded mandate of this scope. Deputy Secretary Mackay testified that carrying out the proposed activities of H.R. 3253 and H.R. 3254 without dedicated funding could unacceptably diminish VA's ability to provide health care and services to veterans and their families. This particular concern was shared by Members of the Subcommittee and witnesses alike.

Dr. Kevin Yeskey, testifying for the Centers for Disease Control and Prevention (CDC), provided an overview of CDC's activities to improve the nation's capability to prepare for and respond to a bio-terrorist event, and asserted CDC's commitment to working with other federal agencies and partners, as well as state and local public health departments to ensure the health and medical care of our citizens.

Dean Powell was extremely supportive of efforts to strengthen the partnerships between the VA medical centers and its affiliated health professional schools. These historical partnerships are well-established and uniquely suited to meet the challenges confronting the nation. Dean Powell pledged that the University of Kansas would play whatever role was necessary to assure the success of these initiatives. Dr. Wintermeyer, a veteran with experience as a patient, medical student and physician with VA, also supported the initiatives of H.R. 3253 and H.R. 3254, but emphasized the need

to support VA with new resources so that other valuable VA programs would not be jeopardized or compromised.

In their statements for the record, the veterans service organizations were largely supportive of both measures, but stressed similar funding concerns and requested that these operations receive earmarked appropriations.

Hearing on the Major Medical Facilities Construction Authorization bill

On April 24, 2002, the Subcommittee on Health received testimony on H.R. 4514, Veterans' Major Medical Facilities Construction Act of 2002, and issues related to the Department's major medical facilities construction policies and planning. The hearing witnesses were: Mr. D. Mark Catlett, VA Principal Deputy Assistant Secretary for Management; accompanied by Mr. Robert L. Neary, Associate Chief Facilities Management Officer, VHA, Mr. Gary Rossio, Chief Executive Officer, VA San Diego Health Care System, and Mr. Alex Spector, Director, Alaska VA Health Care System and Regional Office; Colonel David D. Gilbreath, Commander, Elmendorf Air Force Base Hospital; Mr. Antonio Laracuente, Chairman, National Association of Veterans' Research and Education Foundations, on behalf of Friends of VA Medical Care and Health Research (FOVA); and Dr. Donald E. Wilson, Vice President for Medical Affairs and Dean, University of Maryland School of Medicine.

The Subcommittee also received testimony from: Mr. Brian E. Lawrence, Associate National Legislative Director, Disabled American Veterans; Mr. Robert L. Jones, Executive Director, AMVETS; Mr. Thomas H. Corey, National President, Vietnam Veterans of America; Mr. Paul A. Hayden, Deputy Director, National Legislative Service, Veterans of Foreign Wars; Mr. Delatorro L. McNeal, Executive Director, Paralyzed Veterans of America; and Mr. James R. Fischl, Director, National Veterans Affairs and Rehabilitation Commission, The American Legion.

H.R. 4514 was a bill to authorize the Secretary of Veterans Affairs to carry out construction projects for the purpose of improving, renovating, and updating patient care facilities at Department medical centers. The bill particularly addressed seismic risks at a number of VA facilities and provided for other capital improvements. Facilities that would have received seismic upgrades and corrections, or seismic bracing and anchorage of non-structural items included VA medical facilities in Palo Alto, San Francisco, West Los Angeles, Long Beach, and San Diego, California.

Another important project included in the bill was replacement of the outdated mechanical and electrical systems installed at the VA Medical Center in Cleveland, Ohio, in 1961. They were installed in 1961 and are in dire need of attention. An Anchorage, Alaska project also included in the bill would have been construction of a consolidated Veterans Affairs-Air Force health care and benefits facility to help address growing workload and demands, and provide space for additional personnel.

The bill also provided for a number of important improvements for the VA Medical Center in West Haven, Connecticut, including essential renovations to inpatient wards to correct patient privacy

inadequacies; consolidation of support services; correction of deficiencies in air quality, and compliance with Americans with Disabilities Act (ADA) accessibility. The bill included a construction project for the VA medical facility in Tampa, Florida, relocating three Spinal Cord Injury (SCI) inpatient wards and ancillary support functions to the new SCI building dedicated in February 2002.

The Department expressed specific support for four projects proposed in the President's fiscal year 2003 budget submission. The Department asserted that the four projects (seismic corrections in two buildings in Palo Alto, one in San Francisco, and one in West Los Angeles, California) would not be affected by the ongoing Capital Asset Realignment for Enhanced Services (CARES) initiative. These four major medical construction projects were included among those identified in H.R. 4514. The Committee was assured that as VA completes its CARES initiative, identifies options to improve the health care system and provides better access, infrastructure modifications will lead to numerous construction project proposals for future authorization and funding.

Veterans service organizations agreed that H.R. 4514 was beneficial legislation for the Department and for veterans. In their statements, each organization stated its appreciation of the Committee's focus on renovating buildings in order to create structurally sound and safe facilities for patients. However, the Veterans of Foreign Wars agreed with VA's testimony that the bill should be modified to allow the Secretary to retain discretion in selecting minor construction projects.

Markup of H.R. 3253 and H.R. 4514

On May 1, 2002, the Subcommittee on Health met to markup H.R. 3253, the National Medical Emergency Preparedness Act of 2002, and H.R. 4514, the Veterans' Major Medical Facilities Construction Act of 2002. The bills were unanimously favorably reported by the Subcommittee, as amended, to the full Committee. Amendments to H.R. 3253 included incorporation of H.R. 3254, the Medical Education for National Defense in the 21st Century Act, and H.R. 4559, the Department of Veterans Affairs Reorganization Act of 2002, introduced by Chairman Smith, on April 24, 2002, at VA's request. Also, an amendment to H.R. 4514 added an authorization for a capital lease for a Charlotte, North Carolina, outpatient clinic relocation.

On May 9, 2002, the full Committee met and ordered H.R. 3253, as amended, and H.R. 4514, as amended, reported favorably to the House by unanimous voice vote (see House Report 107–471 and House Report 107–473, respectively). The House passed H.R. 3253 on May 20, 2002, and H.R. 4514 on May 21, 2002.

The Chairman of the Senate Veterans' Affairs Committee introduced a bill similar to H.R. 3253 on July 31, 2002. Subsequently, the Senate passed H.R. 3253 with an amendment containing the text of S. 2132. The two houses agreed on a compromise measure. On September 17, 2002, the House passed H. Res. 526, returning H.R. 3253 to the Senate. The Senate, on October 16, 2002, passed H.R. 3253, with a further amendment. On October 16, the House concurred in the amendment of the Senate to the bill. The President approved H.R. 3253 as Public Law 107–287 on November 7,

2002 (see p. 21 for summary). However, the Senate did not act on H.R. 4514.

Hearing on H.R. 3645, Veterans Health Care Items Procurement Reform and Improvement Act of 2002

On June 26, 2002, the Subcommittee on Health held a legislative hearing to consider H.R. 3645, the Veterans Health Care Items Procurement Reform and Improvement Act of 2002, introduced by the Honorable Lane Evans, Ranking Member of the Committee. This bill was intended to establish improved procurement practices by requiring the purchase of health-care and medical supply items by any element of the Department of Veterans Affairs to be made through the use of a Federal Supply Schedule (FSS) contract or a national contract that would meet specified requirements, including the presence of pre-award and post-award audit clauses, and a price reduction clause. The bill would have allowed under limited circumstances the use of other types of contracts. The bill also would have limited emergency procurements of health-care items to quantities necessary to respond to a particular emergency.

The hearing also considered certain management activities of the Department of Veterans Affairs with respect to procurement policies and practices. The Secretary of Veterans Affairs commissioned a task force in 2001 to review and evaluate VA's various procurement programs. The task force report contained over 60 recommendations, and a number of provisions of H.R. 3645 related to them. The bill also contained a provision directing the Secretary to establish annual goals for Department medical centers for the purchase of health-care items using FSS and national contracts.

Hearing witnesses included: Mr. Mark Catlett, VA Principal Deputy Assistant Secretary for Management, accompanied by Mr. Gary Krump, VA Deputy Assistant Secretary for Acquisition and Materiel Management, and Ms. Phillipa Anderson, VA Assistant General Counsel; Ms. Cynthia A. Bascetta, Director, Health Care-Veterans' Health and Benefits Issues, GAO; Mr. John S. Bilobran, VA Deputy Assistant Inspector General for Auditing, accompanied by Ms. Maureen T. Regan, Counselor to the VA Inspector General. Written statements for the record were received from Mr. Terry Baker, Executive Director of Veterans Aimed Toward Awareness, Allied Health for Veterans Care; Mr. David Gorman, Executive Director, Disabled American Veterans; Mr. James B. King, Executive Director, AMVETS; Mr. Paul A. Hayden, Deputy Director, National Legislative Service, Veterans of Foreign Wars; Mr. John F. Sommer, Jr., Executive Director, The American Legion; Mr. Richard B. Fuller, National Legislative Director, Paralyzed Veterans of America; Mr. Richard Weidman, Director of Government Relations, Vietnam Veterans of America; and Mr. Thomas H. Miller, Executive Director, Blinded Veterans Association.

Mr. Catlett reported that VA would not support the enactment of H.R. 3645. The objections to the provisions of the bill were that it was too restrictive and inflexible, and that it limited the Secretary's existing authority to remedy the problems already identified by the Department's procurement task force. Mr. Catlett maintained that VA could accomplish the Department's procurement goals by implementing the recommendations of its procurement

task force through the establishment and implementation of Department policy.

Ms. Bascetta and Mr. Bilobran testified that additional savings were achievable and necessary to conducting VA's multimillion dollar contracting and procurement activities. Mr. Bilobran cited specific examples that demonstrated multiple opportunities for improvement and reform within the VA system. Both GAO and the OIG supported enactment of H.R. 3645.

The veterans service organizations were in general support of the intent of H.R. 3645, but raised a number of concerns about the impact of the bill on VA's specialized medical programs.

Markup of H.R. 3645

The Subcommittee on Health met on July 12, 2002, and unanimously favorably reported H.R. 3645, as amended, to the full Committee.

On July 16, 2002, the full Committee met and ordered H.R. 3645, as amended, reported favorably to the House by voice vote (see House Report 107–600). The amended bill incorporated provisions to authorize hospital and nursing home care, and medical services to certain Filipino World War II veterans of the Philippines Commonwealth Army and former Philippines "New Scouts" who now permanently and legally reside in the United States; to expand the eligibility for outpatient dental care for all former prisoners of war; to strengthen auditing and reporting requirements for VA research and education corporations established at VA medical centers; to authorize the Department of Defense to participate in VA's Revolving Supply Fund for the purchase of health-care items; and to name the VA outpatient clinic in New London, Connecticut, for the late John J. McGuirk, a World War II veteran.

On July 22, 2002, the House passed H.R. 3645 under suspension of the rules and the bill was referred to the Senate. However, the Senate did not act on H.R. 3645.

OVERSIGHT ACTIVITIES

First Session

Hearing on the State of the VA Health Care System

On April 3, 2001, the Subcommittee held an oversight hearing concerning the current state of the VA health care system. The hearing witnesses included: Honorable Thomas L. Garthwaite, M.D., Under Secretary for Health, VHA; Dr. Frances M. Murphy, Deputy Under Secretary for Health, VHA; Dr. John G. Clarkson, Senior Vice President Medical Affairs and Dean, University of Miami School of Medicine, Miami, FL; Dr. George Thibault, Chairman, VA Special Medical Advisory Group, Vice President and Chairman of Clinical Affairs, Partners Health Care, Inc.; Mr. James R. Fischl, Director, National Veterans Affairs and Rehabilitation Commission, The American Legion; Mr. Paul A. Hayden, Associate Director, National Legislative Service, Veterans of Foreign Wars; Ms. Joy J. Ilem, Assistant National Legislative Director, Disabled American Veterans; Mr. John Bollinger, Deputy Executive Director, Paralyzed Veterans of America; Mr. Richard Jones, National Legislative Director, AMVETS; Mr. Bobby J. Harnage, Sr.,

National President, American Federation of Government Employees; Ms. Ellen M Pitts, R.N., President, VA Medical Center, Brockton, MA, Local R1–187, National Association of Government Employees; and Ms. Elaine Gerace, R.N., Divisional President, VA Medical Center, Syracuse, NY, Local 200B, Service Employees International Union.

This was the Subcommittee's first hearing since the new Administration had taken office, with the new Under Secretary for Health, Dr. Thomas Garthwaite. The Subcommittee itself had a new Chairman, the Honorable Jerry Moran of Kansas, and a new Ranking Member, the Honorable Bob Filner of California.

The VA health care system has been transformed over the past five years. It has restructured Central Office and field operations, delegated substantial management authority to regional officials, activated hundreds of new primary care clinics, and opened enrollment to VA care to nearly two million new veterans. Congress has played a leading role in this transformation. Congress passed key legislation approving the basic design of reform in 1995, the simplified health care eligibility in Public Law 104–262, and enacted a variety of program reforms in Public Laws 106–117 and 106–419. Congress also increased funding for veterans' health care by $3 billion in fiscal years 2000 and 2001, and provided an increase of $1 billion for veterans' health care in fiscal year 2002.

However, the VA health care system continues to face significant challenges. Many veterans are concerned whether their health care needs will be met in their later years, and if so, how; waiting times for care often exceed the VA's 30-day standard; another VA nursing personnel shortage looms; VA capabilities in some specialized programs may be declining; and VA appears to be losing capacity in critical areas such as long-term care and mental health.

Testifying on behalf of VA, Dr. Garthwaite acknowledged that the VA health care system had undergone a dramatic transformation since 1995, moving from an inpatient model to an outpatient model with more than 350 additional sites of care. Primary care providers and teams were now coordinating quality health care for more than 500,000 additional veterans with 25,000 fewer employees than six years ago-and at a cost per patient of 24 percent less than VA expended in 1996. Information technology, biotechnology, health care financing, and public accountability were cited as leading the changing trends in the health care industry at large. Challenges that VA still faced included managing health care information more effectively, improving care coordination and communications with its patients, eliminating variability in care and changing its infrastructure to meet current and future needs.

Dr. Carlson testified on behalf of the Association of American Medical Colleges (AAMC), an organization with 107 medical schools affiliated with VA medical centers, and more than 30,000 medical residents and 22,000 medical students that rotate through VA hospitals and clinics to receive a portion of their medical training. He addressed some of the challenges that the affiliated partnerships have undergone in the restructuring of VA's health care system into 22 Veterans Integrated Service Networks (VISNs). As the national health care environment evolves and changes are necessary at VA, Dr. Carlson stressed that it is essential that VA's

academic affiliations be afforded consideration in the ongoing decision-making processes.

Additional panels praised improvements in the quality of care being provided to veterans, but focused primarily on the damaging consequences of insufficient funding for VA's health care system. They stated that inadequate budgets have contributed to a deteriorating infrastructure, staffing shortages, increased waiting times, (especially for specialty care), and inadequate access to care. Concerns were voiced about the aging veteran population and its growing health care needs, particularly for specialty and long-term care services. At the time of the hearing many of the provisions of Public Law 106–117, the Veterans' Millennium Health Care and Benefits Act, though enacted in November 1999, had not yet been implemented by VA.

Hearing on Mental Health, Substance-Use Disorders, and Homelessness

On June 20, 2001, the Subcommittee on Health held a hearing on mental health, substance use disorders, homelessness in the veteran population, and the Department's policies in dealing with these challenges. Hearing witnesses included: Honorable Thomas Garthwaite, M.D., Under Secretary for Health, VHA; Mr. Peter H. Dougherty, Director, Homeless Veterans Programs, VA Office of Public and Intergovernmental Affairs; Dr. Paul Errera, Connecticut VA Health System (former Director, Mental Health and Behavioral Sciences, VHA); Dr. Laurent S. Lehmann, Chief Consultant, Mental Health and Behavioral Sciences Services, VHA; Dr. Miklos Losonczy, New Jersey VA Health System, and Co-chair, VA Advisory Committee on Serious Mental Illness; Dr. Richard McCormick, Ohio VA Health System, and Co-chair, VA Advisory Committee on Serious Mental Illness; Dr. Bruce Rounsaville, Connecticut VA Health System, and Professor of Psychiatry, Yale University; Ms. Linda Boone, Executive Director, National Coalition for Homeless Veterans; Dennis Culhane, Ph.D., Associate Professor, University of Pennsylvania; Fred Frese, Ph.D., Chair, Veterans Committee, National Alliance for the Mentally Ill; Mr. Ralph Ibson, Vice President for Government Affairs, National Mental Health Association; Mr. Richard Fuller, National Legislative Director, Paralyzed Veterans of America; Ms. Joy Ilem, Assistant National Legislative Director, Disabled American Veterans; Ms. Linda Schwartz, Associate Research Scientist, Yale University School of Nursing; and Mr. Richard Weidman, Executive Director, Government Relations, Vietnam Veterans of America.

The testimony clearly showed that problems and challenges exist today in VA's mental health programs, including steep reductions in hospital inpatient beds. Changes VHA has initiated in mental health programs for veterans may have gone too far in recent years, especially the substantial reductions of VA residential programs in drug rehabilitation. The hearing testimony confirmed that several of VA's networks are contracting for residential drug rehabilitation, while in eight major US cities VA offers little, if any, substance-abuse residential care. This is inconsistent with the capacity mandate in the law.

Also, during this hearing the Subcommittee learned that VA's homeless assistance programs need more authority, better coordination and improved outreach, along with a greater commitment of resources and more creative strategies, if VA is to effectively address the problem of homeless veterans.

Findings from this hearing led Chairman Smith, Mr. Evans, Mr. Moran, Mr. Filner, and others to fashion a compromise bill, H.R. 2716, on homeless assistance to strengthen VA's programs and promote creative applications of methods to begin to stem this unacceptable problem (see p. 11 for summary).

Hearing on Rural Health Care

On September 24, 2001, the Subcommittee on Health held a field hearing in Wichita, Kansas, on veterans' rural health care issues. Hearing witnesses included: Mr. James R. Franklin, Vietnam veteran, Liberal, Kansas; Mr. Olen Mitchell, WWII veteran, Hutchinson, Kansas; Mr. Scott Ratzlaff, Desert Storm veteran, Colby, Kansas; Ms. Tamina Fromme, Vietnam veteran, Dodge City, Kansas; Mr. Kent Hill, Director, VA Medical and Regional Office Center, Wichita, Kansas; Dr. L.S. Raju, VA Community Based Outpatient Clinic, Liberal, Kansas; Ms. Leann Zimmerman, Nurse Practitioner, VA Community Based Outpatient Clinic, Hays, Kansas; Dr. Peter Almenoff, Director, VA Heartland Network (VISN 15), Kansas City, Missouri.

The hearing featured testimony and demonstrations on how VA uses new telemedicine technology to bring better diagnostic and therapeutic care to veterans. The use of telemedicine in VA community based clinics (CBOCs) is an innovative way for veterans to gain access to specialists without traveling to large urban areas. These kinds of technologies can help ensure that rural veterans have effective access to VA's health care resources.

The Subcommittee also received a report on the work of the Kansas Persian Gulf War Veterans Health Initiative, a program monitoring over 7,500 Kansas veterans of the Persian Gulf War. In addition to providing information on health resources and federal benefits, the Initiative completed a baseline study of the health of Kansas Persian Gulf veterans, and reported on its plans for a second study focusing on neurological problems. This program was established in 1997 by the Kansas State Legislature and functions under the Kansas Commission on Veterans' Affairs.

Second Session

Hearings to Consider Issues of Operational and Medical Readiness in the Active Duty Force and Their Relationships to the Health Status of the Veteran Population

On January 24, 2002, the Subcommittee held a hearing on operational and medical readiness in the active duty force. This was the first of two related hearings to examine troop deployments to the Persian Gulf War to see if the lessons learned regarding military personnel health issues have aided the Departments of Defense and Veterans Affairs in avoiding similar problems in current deployments.

The principal witnesses were Honorable Warren B. Rudman, former U.S. Senator from New Hampshire and former Chairman,

Presidential Advisory Board on Persian Gulf War Illnesses; Honorable Donald S. Riegle, former U.S. Senator from Michigan and former Chairman, Senate Committee on Banking; Dr. Frances Murphy, Deputy Under Secretary for Health, VHA, accompanied by Dr. Susan Mather, Chief Public Health and Environmental Hazards, VHA, and Dr. Craig K. Hyams, Chief Consultant, Occupational and Environmental Health, VHA; Ms. Ellen P. Embrey, Deputy Assistant Secretary of Defense for Force Health Protection & Health Affairs, accompanied by Dr. Michael E. Kilpatrick, DOD Director of Deployment Health Support; Honorable James Holsinger, M.D., former VA Under Secretary for Health; Honorable Enrique Mendez, M.D., former Assistant Secretary of Defense for Health Affairs; Honorable Sue Bailey, D.O., Former Assistant Secretary of Defense for Health Affairs; Dr. Ronald R. Blanck, former Army Surgeon General; Dr. Garth Nicolson, President, Institute for Molecular Medicine; Mr. Steve Robertson, Executive Director, National Gulf War Resource Center, Inc.; Mr. Patrick G. Eddington, Associate Director of Government Relations, Vietnam Veterans of America; and Mr. Paul Hayden, Associate Director of Legislation, Veterans of Foreign Wars.

The testimony was from officials involved in the Gulf War, from officials who conducted reviews and investigations, and from officials in this Administration with the responsibility to keep U.S. troops healthy. The Subcommittee examined whether baseline physical evaluations, electronic patient records, troop monitoring systems, vaccine protocols, coordination of operational preparedness, and medical readiness are integrated in the actions of the Departments in prosecuting the war on terrorism.

The Subcommittee learned that baseline troop health assessments in prior deployments were not systematic; information on troop movements was scant or classified; determination of exposure to biohazards was problematic; vaccines were administered haphazardly; vaccine records were unclear, and physical assessments of troops were not comprehensive. A second hearing to further examine these issues further was scheduled for the following month.

On February 27, 2002, the Subcommittee held the second hearing to consider issues of operational and medical readiness in the active duty force and their relationships to the health status of the veteran population. The principal witnesses were Ms. Cynthia Bascetta, Director, Veterans' Health & Benefits Issues, GAO, accompanied by Ms. Ann Calvaresi-Barr, Assistant Director; Ms. Ellen Embrey, Deputy Assistant Secretary of Defense for Force Health Protection & Health Affairs, accompanied by Ronald A. Maul, M.D., Colonel, U.S. Army, Command Surgeon, Central Command; Dr. Frances Murphy, Acting Under Secretary for Health, VHA, accompanied by Dr. Kenneth C. Hyams, Chief Consultant, Occupational and Environmental Health, VHA.

The hearing investigated the continuing challenges in DOD and VA with respect to so-called "force protection" and "medical readiness" policies, and how post-deployment health care and other service-related needs of post-deployment veterans should be met. The Subcommittee believes protecting active duty military members by establishing proper baseline health data is essential before they be-

come veterans. These hearings helped to emphasize the need for both Departments to share their resources.

Joint Hearing with House Armed Services Committee, Subcommittee on Military Personnel. Hearing on Health Care Sharing by the Department of Defense and the Department of Veterans Affairs

On March 7, 2002, the Subcommittee held a joint hearing with the House Armed Services Subcommittee on Military Personnel, on Department of Defense/Department of Veterans Affairs health resources sharing. Those testifying at the hearing included: the Honorable Christopher H. Smith, Chairman, Committee on Veterans' Affairs; Honorable Leo S. Mackay, Jr., Deputy Secretary, Department of Veterans Affairs; Honorable David S.C. Chu, Under Secretary of Defense (Personnel and Readiness); Honorable Nancy Dorn, Deputy Director, Office of Management and Budget; Dr. Gail R. Wilensky, Co-Chair, President's Task Force To Improve Health Care Delivery For Our Nation's Veterans; Mr. Robert Washington, Director, Membership Services, Fleet Reserve Association, and Co-Chair, The Military Coalition Health Care Committee; Ms. Deirdre Parke Holleman, Co-Chair, Health Care Committee, National Military Veterans Alliance; Mr. Steve Robertson, Director, Legislative Affairs, The American Legion; Mr. Harley Thomas, Health Policy Analyst, Paralyzed Veterans of America; Ms. Joy J. Ilem, Assistant National Legislative Director, Disabled American Veterans; and Mr. Dennis Cullinan, Director of Legislative Services, Veterans of Foreign Wars.

Public Law 97–174, the Veterans Administration and Department of Defense Health Resources Sharing and Emergency Operations Act, May 4, 1982, provides broad authority to VA and DOD for health resource sharing. VA/DOD sharing began with a flurry of activity in early 1980's, with hundreds of agreements executed between military and VA hospitals, but over the years, sharing has waned. The purpose of this hearing was to examine reasons for the decline in sharing, and to explore legislative improvements that would renew sharing in the Departments.

Prior to the hearing, the Committee staff made a number of visits last year to military and VA facilities, and made a staff report to the Committee (Department of Veterans Affairs and Department of Defense Health Resources Sharing, House Committee Print No. 4, February 25, 2002). The report was provided to the Subcommittee Members.

Chairman Smith, testifying in the first panel, urged the Subcommittees to aggressively seek to increase resource sharing between the VA and DOD health care systems. His testimony reviewed his bill, H.R. 2667, introduced July 27, 2001, to require improved coordination and sharing of health care resources between the Departments by authorizing new initiatives, promoting new incentives and establishing new demonstration projects.

Secretary Chu assured the Committees that he and Dr. MacKay share a common vision of quality health care for the men and women serving our country, their families, and those that have served in the past. The cooperative efforts of DOD and VA are, according to Secretary Chu, focused on a proactive partnership that

meets the missions of both agencies while benefiting the service member, veteran and taxpayer with new initiatives and increased efficiency. Dr. Wilensky testified that the President's task force is seeking to improve the delivery of health care to our nation's veterans by formulating recommendations to institutionalize VA-DOD sharing so that the men and women who rely on health care from VA and DOD receive treatment through a process that is seamless and transparent.

The military and veterans service organizations were generally supportive of an increased effort to improve DOD/VA coordination. However, they stressed that these activities must at a minimum enhance or maintain access to health care, quality, safety, and services offered to each category of beneficiaries without negatively impacting any beneficiary group. Congress subsequently enacted many of the concepts of H.R. 2667 in title VII, subtitle C of Public Law 107–314, the Bob Stump National Defense Authorization Act of Fiscal Year 2003.

Hearing on the Health Care of Filipino World War II Veterans within the Department of Veterans Affairs

On June 13, 2002, the Subcommittee on Health held a hearing to consider the provision of health care to certain Filipino World War II veterans by the Department of Veterans Affairs. Witnesses who appeared before the Subcommittee included His Excellency Albert Del Rosario, Ambassador to the United States, Embassy of the Philippines; Honorable Anthony J. Principi, Secretary of Veterans Affairs, accompanied by Mr. John H. Thompson, VA Deputy General Counsel; Representative Benjamin Gilman of New York; Representative Randy "Duke" Cunningham of California; Representative Dana Rohrabacher of California; Representative Patsy T. Mink of Hawaii; Representative Juanita Millender-McDonald of California; Representative Robert A. Underwood from the Territory of Guam; Mr. Lou Diamond Phillips, actor and Filipino veterans activist, Los Angeles, California; Mr. Fritz Friedman, Chair, Assembly for Justice, Los Angeles, California; Mr. Resty Supnet, President, Filipino World War II Veterans Foundation of San Diego County, accompanied by Mr. Romy Monteyro; Mr. Patrick Ganio, President, American Coalition for Filipino Veterans; Ms. Susan Espiritu Maquindang, Executive Director, Filipino-American Service Group; Ms. Lourdes Santos Tancinco, President, San Francisco Veterans Equity Center; Ms. Joy Ilem, Assistant National Legislative Director, Disabled American Veterans; Mr. Richard Weidman, Director of Government Relations, Vietnam Veterans of America; and Mr. James Fischl, Director of National Veterans Affairs and Rehabilitation Commission, The American Legion. Written testimonies were received from Senator Barbara Boxer of California; Representative Barbara Lee of California; Representative Nancy Pelosi of California; Representative Maxine Waters of California; General Tagumpay Nanadiego, Former Special Presidential Representative, Embassy of the Philippines; Ms. Wendy Lawrence, Associate Director, National Legislative Service, Veterans of Foreign Wars; and Mr. Richard Jones, National Legislative Director, AMVETS.

This hearing focused on H.R. 4904, the "Health Care for Filipino Veterans Act," introduced by the Honorable Bob Filner, Ranking Member of the Subcommittee on Health, to improve benefits for certain Filipino veterans of World War II who reside in the United States and for their surviving spouses. For many years, efforts have been made to extend the same health care and compensation benefits that American veterans receive to Filipino veterans of World War II. This legislation would have provided limited benefits to certain Filipino veterans.

Secretary Principi testified that President Bush and President Arroyo of the Philippines, in commemorating the 50th anniversary of the signing of the U.S. Philippine Mutual Defense Treaty, reaffirmed the alliance of the United States and the Philippines as vital to both nations. Their meeting, according to the Secretary, heralded a new era of comprehensive cooperation and friendship between the United States and the Philippines. President Bush also agreed to review the services and benefits that the United States provides for Filipino veterans. Secretary Principi announced that the President anticipated making an equipment grant of $500,000 to the Republic of the Philippines to assist in providing medical care and treatment for Commonwealth Army veterans and new Philippine Scouts. The Secretary's testimony was generally favorable to the provision of some benefits to Filipino veterans.

Representatives Benjamin Gilman, Randy "Duke" Cunningham, Dana Rohrabacher, Patsy T. Mink, Juanita Millender-McDonald, and Robert A. Underwood each provided support for the enactment of this legislation. Mr. Phillips and Mr. Friedman added their personal accounts and support to the provision of benefits for Filipino veterans.

The final paned of witnesses included Filipino veterans who would be affected by the provisions of H.R. 4904. They unanimously supported the measure.

Field Hearing to Investigate Conditions at Kansas City Veterans Medical Center

On June 17, 2002, the Subcommittee held an oversight hearing entitled "Patient Care at the Kansas City Veterans' Affairs Medical Center: Investigating Infestations and Management Practices," at the Kansas City VA Medical Center, 4801 Linwood Boulevard, Kansas City, Missouri. Those testifying at the hearing included: Mr. Michael Slachta, VA Assistant Inspector General for Auditing,; Dr. Stephen Klotz, Professor of Medicine, University of Arizona, Section of Infectious Diseases, and Staff Physician, Southern Arizona VA Health Care System, VA Medical Center, Tucson, AZ, accompanied by Ms. Teola Tillman, Former Infection Control Nurse, VA Medical Center, Kansas City, MO; Mr. Hugh Doran, Former Director, VA Medical Center, Kansas City, MO; Mr. Bryan Baldwin, President, Local Union 2663, American Federation of Government Employees, VA Medical Center, Kansas City, MO; Ms. Linda McEwen, President, Union Local 910, American Federation of Government Employees, VA Medical Center, Kansas City, MO; Ms. Sherie Grewe, Patient Advocate, VA Medical Center, Kansas City, MO; Honorable Robert H. Roswell, Under Secretary for Health,

Veterans Health Administration, Department of Veterans Affairs; and Mr. Kent Hill, Director, VA Medical Center, Kansas City, MO.

The Subcommittee on Health held this field hearing at the Kansas City VAMC to review an on-going VA Inspector General's investigation on the cleanliness of the medical center. This hearing was prompted by the March 2002 publication of an article in the *Archives of Internal Medicine*, "Nasal Myiasis in an Intensive Care Unit Linked to Hospital-Wide Mouse Infestation." This article contained a hypothesis of a link between mice within the medical center, an infestation of flies, and subsequently the discovery of nasal myiasis in two medical intensive care unit patients. The article reviewed a variety of actions taken to remedy these problems. However, it appeared as though management did not sufficiently act to eliminate them.

Also, it was suggested that the medical center had insufficient funds, leaving the staff with few options to eradicate the pest infestation, and ultimately, to ensure high quality care to patients. The Secretary of Veterans Affairs acted swiftly to make changes at the medical center as well as at the network level. The Secretary initiated two investigations in response to VA's realization that some of these conditions existed for years prior to publication of the article and reassigned management pending the outcome of these two investigations.

Upon the completion of these investigations, reports were made available to the Subcommittee, and the hearing was scheduled to review these reports and to take testimony from current and past personnel from the medical center, as well as the author of the article on the infestation. Members of Congress present at the field hearing included Subcommittee Chairman Jerry Moran, Ranking Democratic Subcommittee Chairman Bob Filner, Rep. John Boozman of the Subcommittee, and Rep. Karen McCarthy of Missouri, who attended the hearing.

Hearing on VA's Current Programs for Women Veterans

On October 2, 2002, the Subcommittee held an oversight hearing on VA's current programs for women veterans. The principal witnesses were Representative Heather Wilson of New Mexico; Honorable Robert H. Roswell, Under Secretary for Health, VHA, accompanied by Dr. Susan Mather, Chief Officer, Public Health and Environmental Hazards; Dr. Irene Trowell-Harris, Director, Center for Women Veterans; Ms. Marsha Four, RN, Chair, VA Advisory Committee on Women Veterans; Ms. Joy J. Ilem, Disabled American Veterans and Former Member, VA Advisory Committee on Women Veterans; Dr. Linda Schwartz, Former Chair, VA Advisory Committee on Women Veterans and Former Chair of School of Nursing, Yale University; Ms. Carole Turner, Director, Women Veterans Health Programs, Veterans Health Administration; Ms. Toni Lawrie, Coordinator, Women Veterans Clinic, VA Medical Center, Bay Pines, Florida; and Dr. Margaret Seaver, Director, Women's Veterans Health Care Program, VA Boston Health Care System.

The Subcommittee held this oversight hearing to address concerns about the level and types of accommodations for privacy, facilities and specialized programs that VA provides for female patients, and the Department's responsiveness to recommendations

on women's health issues from its Women's Advisory Committee and the Department's Center for Women Veterans.

The Subcommittee noted that until recent years VA was largely a men's medical program. As more women join the military services and take on new responsibilities in military occupations, more women are entering the veteran population and thus turning to the VA for care and services. The purpose of the hearing was to review VA's progress in making women veterans full participants in its health care programs. Specifically, the Subcommittee examined whether women veterans are offered sufficient services for both primary and specialized health care, counseling for sexual trauma, mental health services, and secure bed and privacy accommodations.

Witnesses testifying for the Department asserted VA is making significant progress in renovating facilities for female patient privacy and moving to ensure VA facilities have the expertise and technology for the particular needs of women patients. For example, VA testified that in 2000, 152,094 women veterans were seen as outpatients and 12,955 as inpatients. In 2001, these numbers rose to 166,108 outpatients and 13,640 inpatients. In 2001, 14,790 Pap smears were completed in VA clinics and 17,209 screening mammograms were accomplished, as well as 21,268 diagnostic mammograms.

VA asserted it intended to assure that women veterans gain equal access to high-quality care, while admitting that in the past, some VA facilities had tended to ignore women because they simply could not provide comprehensive, holistic care for women veterans. In addition to providing more specific services, VA stated it was using tools such as clinical guidelines, performance measures, quality improvement mechanisms, patient safety monitoring, and female veteran-relevant research to change its culture.

VA's Women's Center Director provided testimony on the history of the Advisory Committee on Women Veterans, and highlighted its 2002 report recommendations, including: the creation or modification of services to provide specifically for the needs of women; staffing levels for women veterans coordinators (WVC) positions; permanent removal of eligibility restrictions for sexual trauma counseling; the monitoring and analysis of services recently introduced by VA, such as obstetrical care and pilot programs for women veterans who are homeless, to ensure that services would meet potential increases in demand; the development and distribution of guidelines for case management of women veterans who are homeless based on the analysis of successful pilot projects; an emphasis on the need for research to determine the success of health and benefit programs in meeting the needs of women veterans, including women veterans subgroups such as Blacks, Hispanics, Asians, and Native Americans, as VA conducts strategic planning to design future care and services; and the need for research to assess the impact of the increasing number of women in the military and their changing military roles on the design and delivery of VA services. The rising proportion of minority women heightens the need for meaningful data regarding women veterans of all racial/ethnic groups.

Witnesses representing the VA Women's Health Programs testified that improvements have been made in VA's approach to caring for women veterans. They testified that Women Veterans Coordinators provide essential services as advocates, case managers, and specialized resources for female patients. They asserted that establishment of dedicated women's clinics and women's centers in VA health care facilities contributes to research-based knowledge on women veterans' health and mental health, promotes better treatment of military sexual trauma, provides a basis for coordinated care for complex medical and mental health problems, and improves quality of life for patients with post traumatic stress disorder and its co-morbidities. Also, they testified that women-focused programs provide improved patient compliance with preventive health measures such as pap smears and mammograms. However, these witnesses also agreed with the Subcommittee concern that fragmentation of care for women is still a major challenge in VA health care. A recent national survey by the Department indicated that many gender specific services were often contracted out to community medical providers or academic affiliates. The Subcommittee agreed with witnesses that to overcome this difficulty, VA women's health programs need to have adequate staffing for better case coordination.

Hearing on Project SHAD, Regarding Secret Chemical and Biological Tests Conducted on American Servicemembers

On October 9, 2002, the Subcommittee held a hearing on Project 112 and Operation Shipboard Hazard and Defense (SHAD). The principal witnesses were Honorable William Winkenwerder, Jr., M.D., M.B.A., Assistant Secretary of Defense for Health Affairs, accompanied by Dr. Michael E. Kilpatrick, Director of Deployment Health Support, Dr. Anna Johnson-Winegar, Deputy Assistant to the Secretary of Defense, Chemical and Biological Defense; and Dr. Jonathan B. Perlin, Deputy Under Secretary for Health, VHA, accompanied by Mr. Robert J. Epley, Associate Deputy Under Secretary for Policy and Program Management, VBA.

The oversight hearing addressed Cold War chemical, nuclear, and biological tests at sea and over land during Project 112 and Operation SHAD. The principal focus of this hearing was the Department of Defense's public announcement of the results of their declassification review to examine health effects of 31 tests from Project 112 and Operation SHAD. In addition, the Subcommittee reviewed VA's role in contacting veterans who may have participated in these tests, and determining the health status of these veterans.

This project began during the 1960's and originally involved 109 planned tests to identify U.S. warship vulnerability to chemical, nuclear, and biological attacks, and to develop methods to defend against them. It was a component of a larger DOD effort called Project 112. In late 2000, based on a VA request, DOD began to review and declassify information concerning the exact agents used and other details of these tests, including identities of U.S. ships and other military units that were involved. In addition, DOD began working with the VA to identify individual veterans who

participated in these tests and to determine whether any veterans suffered negative health consequences because of these tests.

The Assistant Secretary of Defense for Health Affairs, Honorable William Winkenwerder, Jr., testified that DOD is absolutely committed to an uncompromising and thorough investigation of all chemical and biological warfare tests planned and performed by the Deseret Test Center between 1962 and 1973. To date, DOD's search has revealed significant information about the Deseret Test Center experiments. The Center planned 134 tests between 1962 and 1973. DOD has verified that 46 tests were conducted, while 62 tests were cancelled. The status of 26 remaining tests is still in question. The majority (24 of these 26 tests) were designed to take place in 1970–1974, during a period in which plans were being made to close the Deseret Test Center.

Secretary Winkenwerder assured the Subcommittee at this hearing that DOD is continuing to declassify the remaining Project 112 and Operation SHAD data as quickly as possible. He also revealed that the military services are still using simulations during operational testing and training. He stated that DOD's objective is to ensure that concerns like those surrounding the Deseret Test Center tests do not arise in the future.

Testifying on behalf of VA, Dr. Perlin discussed the outreach efforts VA had undertaken to contact the 5,000 veterans who have been identified as Project 112 participants. VA efforts also include educational programs for VA health care providers and health care services that VA has implemented for these veterans. VA was asked to assume an aggressive follow-up with these veterans to ensure that all are afforded an opportunity to review their medical histories with VA health-care providers.

SUBCOMMITTEE ON BENEFITS

The Subcommittee on Benefits has jurisdiction over veterans' programs for compensation, pension, insurance, memorial affairs, education, training, vocational rehabilitation, small business, employment, and housing. In addition to overseeing programs administered by the Veterans Benefits Administration and the National Cemetery Administration, the Subcommittee has oversight of Arlington National Cemetery, and overseas cemeteries of the American Battle Monuments Commission. The Subcommittee also oversees veterans' programs administered by the U.S. Department of Labor, the Small Business Administration, the National Veterans Business Development Corporation, and the U. S. Office of Personnel Management, as well as certain servicemember programs administered by the Department of Defense (see p. 88, Oversight Plan for 107th Congress).

LEGISLATIVE ACTIVITIES

First Session

Hearing on H.R. 801, the Veterans' Opportunities Act of 2001, and VA's Implementation of Veterans' Transitional Housing Assistance

On March 15, 2001, the Subcommittee on Benefits held a hearing on H.R. 801, the Veterans' Opportunities Act of 2001. H.R. 801 con-

tained a number of provisions affecting a range of veterans' programs, including burial benefits, readjustment benefits, the Servicemembers' Group Life Insurance program, and expanded outreach efforts by the Department of Veterans Affairs. The Subcommittee also requested from VA status information on its implementation of section 601 of Public Law 105–368, which the President signed on November 11, 1998. This section authorized the establishment of a new $100 million program of loan guarantees for developers of transitional housing for homeless veterans. Twenty-seven months later, the program was not operational.

Witnesses at the hearing included Honorable Anthony Principi, Secretary of Veterans Affairs; Honorable Joseph Thompson, Under Secretary for Benefits, VBA; Representative Bill Pascrell, Jr. of New Jersey; Representative Michael Doyle of Pennsylvania; Mr. Patrick Sutliff, University of Phoenix; Mr. Jack Lunsford, Maricopa (AZ) Community College; Ms. Faith Stellitano, National Association of Veterans Program Administrators; Ms. Rose Lee, Washington Representative and Past Chairman, Gold Star Wives of America; Mr. Sidney Daniels, Deputy Legislative Director, Veterans of Foreign Wars; Ms. Joy Ilem, Associate National Legislative Director, Disabled American Veterans; Mr. Blake Ortner, Associate Legislative Director, Paralyzed Veterans of America; and Mr. Peter Gaytan, Assistant Director, National Legislative Commission, The American Legion.

Also, Representative Jo Ann Davis of Virginia testified on her bill, H.R. 1015, to make the maximum amount of Servicemembers' Group Life Insurance (SGLI) retroactive to November 1, 2000 (Public Law 106–419, signed into law on November 1, 2000, increased SGLI to $250,000 effective on the first day of the first month that began more than 120 days after date of enactment). Senator John Warner of Virginia testified in support of this retroactive payment.

The veterans service organizations largely supported H.R. 801, but were concerned that the benefits programs needed continuing increases to keep pace with the rising cost of living. VA supported most of the provisions incorporated in H.R. 801. With regard to the implementation of Public Law 105–368, Secretary Principi announced that the Office of Management and Budget had recently cleared the transitional assistance housing program to make 100-percent loan guarantees, and that while the program was established in 1998, VA did not receive funding until fiscal year 2000. Secretary Principi testified further that the process of implementing Public Law 105–368 was slow because there was no model for this type of federal loan guaranty program.

Full Committee Markup of H.R. 801

On March 21, 2001, the full Committee met and marked up H.R. 801. The bill was favorably reported, as amended, to the House (see House Report 107–27). On March 27, the House passed H.R. 801, as amended, by a vote of 417–0. After being amended by the Senate, the bill became Public Law 107–14 on June 5, 2001 (see p. 9 for summary).

Hearings on H.R. 1291, 21st Century Montgomery GI Bill Enhancement Act

On May 24, 2001, the Subcommittee on Benefits held the first of two hearings on H.R. 1291, the 21st Century Montgomery GI Bill Enhancement Act. The bill would have increased the amount of educational benefits under the Montgomery GI Bill (MGIB) for an approved program of education on a full-time basis from a monthly rate of $650 for an obligated period of active duty of three or more years to: $800 effective October 1, 2001; $950 effective October 1, 2002; and $1,100 effective October 1, 2003. H.R. 1291 would also have increased the amount of educational benefits under the MGIB for an approved program of education on a full-time basis from the current monthly rate of $528 for an obligated period of active duty of less than three years to: $650 effective October 1, 2001; $772 effective October 1, 2002; and $894 effective October 1, 2003.

Testifying in support of the bill was Representative Charles "Chip" Pickering of Mississippi. Mr. G. Kim Wincup, Vice Chairman, testified on behalf of the Congressional Commission on Servicemembers and Veterans Transition Assistance. General Charles Boyd (USAF, Ret), Executive Director, and Admiral Harry D. Train, II (USN, Ret) testified on behalf of the United States Commission on National Security/21st Century. Vice Admiral Patricia Tracey, Assistant Secretary of Defense for Personnel testified on behalf of the Administration. The personnel chiefs of the five service branches, Lieutenant General Timothy Maude, U.S. Army; Vice Admiral Norbert Ryan, U.S. Navy; Lieutenant General Garry L. Parks, U.S. Marine Corps; Lieutenant General Donald Peterson, United States Air Force; and Rear Admiral R. Dennis Sirois, U.S. Coast Guard, appeared before the Subcommittee to answer questions. Each of the personnel chiefs testified that the MGIB served as their best recruiting incentive. The veterans service organizations (VSO) were represented by Mr. Sidney Daniels, Deputy Legislative Director, Veterans of Foreign Wars; Mr. Bob Norton, Deputy Director of Government Relations, The Retired Officers Association; Mr. Mark H. Olanoff, Legislative Director, The Retired Enlisted Association; Mr. John Vitikacs, Deputy Director for the National Economic Commission, The American Legion; and Mr. Richard Weidman, Director of Government Relations, Vietnam Veterans of America. Mr. Richard Jones, AMVETS, submitted testimony for the record. Each VSO supported the bill.

On June 7, 2001, the Subcommittee on Benefits conducted the second hearing on H.R. 1291, and also took testimony on the General Accounting Office's report, *Veterans' Employment and Training Service (VETS), Proposed Performance Measurement System Improved, But Further Changes Needed* (GAO–01–580).

Testifying in support of H.R. 1291 were Representative John D. Dingell of Michigan and Representative Ronnie Shows of Mississippi. Representative Jim Saxton of New Jersey testified on behalf of the Joint Economic Committee. Honorable Anthony Principi, Secretary of Veterans Affairs, testified on behalf of the Administration, accompanied by Honorable Joseph Thompson, Under Secretary for Benefits, VBA, and Mr. Chris Yoder, Counselor to the Secretary. The Higher Education Community was represented by Ms. Kathleen Little, Executive Director of Financial Aid Services, The College Board; Dr. Constantine W. "Deno" Curris, President, American Association of State Colleges and Universities; Dr. David

Warren, President, National Association of Independent Colleges and Universities; Dr. Horace W. Fleming, President, University of Mississippi; and Mr. David Guzman, President, National Association of Veteran Program Administrators. Testifying on behalf of GAO was Dr. Sigurd Nilsen, GAO Director of Education, Workforce, and Income Security Issues. Testifying on behalf of the Department of Labor was the Honorable Chris Spear, Assistant Secretary of Labor for Policy, accompanied by Mr. Stanley Seidel, Acting Assistant Secretary for VETS. Submitting statements for the record were the Air Force Sergeants Association; Honorable Don Sundquist, Governor of Tennessee; Mr. C. Donald Sweeney, National Association of State Approving Agencies; Ms. Kimberlee D. Vockel, Director of Legislative Affairs, Non Commissioned Officers Association; Mr. Thomas J. McKee, Air Force Association; and Mr. Brian E. Lawrence, Associate National Legislative Director, Disabled American Veterans.

H.R. 1291 had over 100 cosponsors and was supported by all who testified before the Subcommittee. Many Members agreed with the Chairman that the increases proposed in H.R. 1291 represented a first step toward the ultimate goal to have MGIB pay tuition, fees, and a monthly subsistence allowance.

The GAO report examined performance measures that VETS had proposed for employment and training services through the public labor exchange. GAO found that VETS' proposed performance measures improved performance over the current system but certain aspects of the new measures raised concerns that VETS should address, especially with respect to measuring "results," not "process." The Department of Labor representatives testified that they agreed with most of the conclusions of the GAOs report. However, VETS had concerns about GAO recommendations to allow half-time Disabled Veterans' Outreach Specialists (DVOP) staff positions and to combine DVOP and Local Veterans' Employment Representatives (LVER) grants into a single staffing grant.

Hearing on H.R. 862, H.R. 1406, H.R. 1435, H.R. 1746, H.R. 1929, H.R. 2359 and H.R. 2361

On July 10, 2001, the Subcommittee on Benefits held a legislative hearing on the following bills: H.R. 862, to add Type 2 diabetes to the list of diseases presumed to be service-connected for veterans exposed to certain herbicide agents; H.R. 1406, the Gulf War Undiagnosed Illness Act of 2001, which addressed Persian Gulf War illness issues; H.R. 1435, the Veterans' Emergency Telephone Service Act of 2001, and H.R. 1746, to establish a single "1–800" telephone number for veterans benefits counseling, both of which addressed providing veterans a toll-free number they could call to access full veterans benefits information; H.R. 1929, the Native American Veterans Home Loan Act of 2001, which extended and improved the Native American home loan pilot project; H.R. 2359, which made program changes to the National Service Life Insurance and U.S. Government Life Insurance programs; and H.R. 2361, the Veterans' Compensation Cost-of-Living Act of 2001.

Representative Tom Udall of New Mexico testified in support of his bill, H.R. 1929, Representative Richard Baker of Louisiana testified in support of his bill, H.R. 1746, and Representative Donald

Manzullo of Illinois testified in support of his bill, H.R. 612. Representative Lois Capps of California submitted a statement for the record in support of her bill, H.R. 1435. Honorable Joseph Thompson, Under Secretary for Benefits, VBA, testified on behalf of VA. Dr. John Feussner, Chief Research and Development Officer, VHA, accompanied Mr. Thompson. Representing the veterans service organizations were: Mr. Joseph Violante, National Legislative Director, Disabled American Veterans; Mr. James Fischl, Director of Veterans' Affairs and Rehabilitation Commission, The American Legion; Mr. Sidney Daniels, Deputy Director of National Legislative Service, Veterans of Foreign Wars; Mr. David Tucker, Senior Legislative Director, Paralyzed Veterans of America; Mr. Richard Jones, National Legislative Director, AMVETS; and Leonard Selfon, Esq., Director of Veterans Benefits Programs, Vietnam Veterans of America.

VA and veterans service organization witnesses generally supported the bills under consideration with the following exceptions: VA did not support the addition of certain conditions to the list of service-connected diseases for Persian Gulf War veterans contained in the bill because it believed the descriptions of the conditions were vague and would result in uncertainty regarding proper implementation. Also, most of the witnesses, including the VA representative, opposed H.R. 1435 and H.R. 1746 as not necessary in light of the improvements VA had made to its toll-free phone service.

Subcommittee Markup of H.R. 862, H.R. 1406, H.R. 1435, H.R. 1746, H.R. 2359 and H.R. 2361

On July 12, 2001, the Subcommittee marked up a draft bill incorporating provisions from H.R. 862, H.R. 1406, H.R. 1435, H.R. 1746, H.R. 2359, and H.R. 2361. The bill was reported favorably to the full Committee by voice vote. On July 19, the full Committee met and marked up H.R. 2540, as amended, the Veterans Benefits Act of 2001 (see House Report 107–156). On July 31, the House passed H.R. 2540, as amended, by a vote of 422–0. After being amended by the Senate, the bill was enacted as Public Law 107–94 containing only the cost-of-living allowance provisions (see p. 10 for summary).

Second Session

Hearing on H.R. 1108, H.R. 2095, H.R. 2222, and H.R. 3731

On April 11, 2002, the Subcommittee held a hearing on H.R. 1108, to provide that remarriage of the surviving spouse of a veteran after age 55 would not result in termination of dependency and indemnity compensation; H.R. 2095, the Reservist VA Home Loan Fairness Act of 2001, to provide for uniformity in fees charged to qualifying members of the Selected Reserve and active duty veterans for home loans guaranteed by the Secretary of Veterans Affairs; H.R. 2222, the Veterans Life Insurance Improvement Act of 2001, to increase benefit amounts for VA insurance programs; and H.R. 3731, to increase amounts available to State approving agencies in light of their additional statutory responsibilities with respect to licensing and credentialing and employer outreach duties.

Witnesses included Honorable Daniel Cooper, Under Secretary of Benefits, VBA, accompanied by Mr. Robert Epley, Associate Deputy Under Secretary for Policy and Program Management, VBA; Mr. Michael Walcoff, Associate Deputy Under Secretary (West), VBA; and Mr. John Thompson, VA Deputy General Counsel. The veterans service organizations were represented by Ms. Erin Harting, Legislative Analyst, The Enlisted Association of the National Guard; Mr. Carl Blake, Associate Legislative Director, Paralyzed Veterans of America; Mr. Sidney Daniels, Assistant Director, Benefits Policy, Veterans of Foreign Wars; Mr. Brian Lawrence, Associate National Legislative Director, Disabled American Veterans; Ms. Aseneth Blackwell, President, Gold Star Wives of America; Mr. Jim Fischl, Director of Veterans' Affairs and Rehabilitation Commission, The American Legion; Mr. Richard Jones, National Legislative Director, AMVETS; and Mr. Rick Weidman, Director of Government Relations, Vietnam Veterans of America. Representative Michael Bilirakis of Florida testified in support of his bill, H.R. 1108, pointing out that many federal annuities are accorded to surviving spouses who remarry at older ages. Representative Bob Filner of California testified in support of his bill, H.R. 2222.

There was consensus among the witnesses in support of the provisions contained in the four bills before the Subcommittee.

Hearing on H.R. 4015, Jobs for Veterans Act

On April 18, 2002, the Subcommittee held a legislative hearing on H.R. 4015, the Jobs for Veterans Act. H.R. 4015 was intended to enhance veterans' job training programs at the Department of Labor's Veterans' Employment and Training Service (VETS), and provide greater accountability, flexibility, and incentives for state Job Service programs to secure jobs, especially for disabled and other hard-to-place veterans. The bill provided priority of service to veterans in any job-training program funded in whole or in part by the Department of Labor. The bill also required the Assistant Secretary of Labor for VETS to establish and implement a comprehensive performance accountability system to measure the performance of veterans' employment and training and public labor exchange systems.

Witnesses included Honorable Frederico Juarbe, Jr., Assistant Secretary for Veterans' Employment and Training Service, U.S. Department of Labor (DOL), who testified on behalf of the Department and was accompanied by Mr. Charles S. Chiccolella, Deputy Assistant Secretary for Veterans' Employment and Training Service; Mr. Stanley Seidel, VETS Director, Office of Operations and Programs; Mr. Ronald Bachman, VETS Director of Strategic Planning; and Mr. Ronald Drach, VETS Special Assistant for Strategic Planning and Legislative Matters. Representing state workforce entities were Mr. Rex Hall, Chairman, Veterans' Advisory Committee, National Association of State Workforce Agencies; Mr. Rodger Madsen, Director, Idaho Department of Labor; Mr. T.P. O'Mahoney, Commissioner Representing Labor, Texas Workforce Commission; and Mr. Ken Mayfield, President-Elect, National Association of Counties. Employment and Labor Associations and Unions were represented by Mr. Bruce Wyngaard, Operations Director, Ohio Civil Service Employees Association, AFSCME Local

11; Mr. Dennis Beagle, New York State Public Employees Federation; and Mr. Wesley Poriotis, Chief Executive Officer, Wesley, Brown & Bartle Company, Inc.

The veterans service organizations were represented by Mr. James N. Magill, Director, National Employment Policy, Veterans of Foreign Wars; Mr. Steve Robertson, Legislative Director, The American Legion; Mr. Carl Blake, Associate Legislative Director, Paralyzed Veterans of America; Mr. Rick Weidman, Director of Government Relations, Vietnam Veterans of America; and Mr. Richard Jones, National Legislative Director, AMVETS. Submitting statements for the record were the Workforce New Jersey; the Disabled American Veterans; Mr. Raymond Boland, Legislative Director, National Association of State Directors of Veterans Affairs; Mr. John K. Lopez, Chairman, Association for Service Disabled Veterans; and Captain Thomas M. Hale, USN (Ret.), Senior Vice President, Resource Consultants, Inc.

All witnesses supported H.R. 4015. The Department of Labor representative supported many of the provisions of the bill and suggested some revisions including a 3-year implementation period and a "hold harmless" provision for the DVOP-LVER funding formula.

Subcommittee Markup of H.R. 4085 and H.R. 4015

On May 2, 2002, the Subcommittee on Benefits marked up H.R. 4085 and H.R. 4015, with amendments. Both bills were reported favorably to the full Committee. On May 9, the full Committee met and marked up H.R. 4085 and H.R. 4015. Each bill was reported favorably, as amended, to the House (see House Report 107–472 and House Report 107–476, respectively). On May 21, the House passed H.R. 4085, as amended, by a vote of 410–0; the House passed H.R. 4015, as amended, by a vote of 409–0. H.R. 4085 ultimately became Public Law 107–247 on October 23, 2002, and H.R. 4015 ultimately became Public Law 107–288 on November 7, 2002 (see p. 20 and p. 22 for summaries).

Hearing on H.R. 3173, H.R. 3735, H.R. 3771, and H.R. 4042, and Draft Bills: the Arlington National Cemetery Burial Eligibility Act; and Legislation Providing Dependency and Indemnity Compensation to the Surviving Spouse of a Veteran with a Totally Disabling Service-Connected Cold-Weather Injury

On June 11, 2002, the Subcommittee on Benefits held a legislative hearing on H.R. 3173, the Servicemembers and Military Families Financial Protection Act of 2001, to increase the maximum monthly lease protection under the Soldiers' and Sailors' Civil Relief Act as well as coverage under the Servicemembers' Group Life Insurance and Veterans' Group Life Insurance programs; H.R. 3735, the Department of Veterans Affairs Overpayment Administration Improvement Act of 2002, to authorize the Secretary to waive veterans' overpayments in certain instances and extend the application period for waiver recovery; H.R. 3771, to exclude from income for pension purposes certain monetary benefits paid to disabled veterans by states; H.R. 4042, the Veterans Home Loan Prepayment Protection Act of 2002, to prohibit additional daily inter-

est charges following prepayment of VA housing loans; and two draft bills, the Arlington National Cemetery Burial Eligibility Act, to codify burial eligibility requirements for interment at Arlington, and legislation to provide dependency and indemnity compensation to the surviving spouse of a veteran with a totally disabling service-connected cold weather injury.

Representative Luis Gutierrez of Illinois testified in support of his bill, H.R. 3173. Honorable Daniel Cooper, Under Secretary for Benefits, testified for the Veterans Benefits Administration (VBA). Mr. Cooper was accompanied by Mr. Robert Epley, Associate Under Secretary for Policy and Program Management, VBA, Mr. John Thompson, VA Deputy General Counsel, and Mr. Thomas Lastowka, Director, VA Regional Office and Insurance Center. Additional witnesses included Mr. Craig Duehring, Acting Assistant Secretary of Defense (Reserve Affairs), Department of Defense; Mr. Thurman Higginbotham, Deputy Superintendent, Arlington National Cemetery; Mr. Brian Lawrence, Associate National Legislative Director, Disabled American Veterans; Mr. Carl Blake, Associate Legislative Director, Paralyzed Veterans of America; Mr. Patrick Eddington, Associate Director of Government Relations, Vietnam Veterans of America; Mr. Richard Jones, National Legislative Director, AMVETS; Mr. Thomas Miller, Executive/Legislative Director, Blinded Veterans Association; Mr. James Fischl, Director, National Veterans' Affairs and Rehabilitation Commission, The American Legion; Mr. Sidney Daniels, Assistant Director for Veterans Benefits Policy, Veterans of Foreign Wars; and Mr. Daniel Borinsky, attorney-at-law, Esquire Settlement Services. The Administration witnesses opposed the bills before the subcommittee; the veterans service organization and other witnesses supported all the bills.

Subcommittee Markup of H.R. 4940 and H.R. 5055

On July 9, 2002, the Subcommittee on Benefits met and marked up H.R. 4940 and H.R. 5055. Both bills were ordered reported favorably to the full Committee. On July 16, the full Committee met and marked up H.R. 4940 and H.R. 5055. H.R. 4940 was favorably reported to the House by a vote of 22–3 (see House Report 107–588). H.R. 5055 was also favorably reported to the House (see House Report 107–589). On July 22, the House passed H.R. 4940 and H.R. 5055 by the House by voice vote. However, the Senate did not act on H.R. 4940. H.R. 5055 ultimately became part of Public Law 107–330 on December 6, 2002 (see p. 26 for summary).

Hearings on H.R. 5111, the Servicemembers' Civil Relief Act, and H.R. 4017, the Soldiers' and Sailors' Civil Relief Equity Act

On July 24 and July 25, 2002, the Subcommittee on Benefits held hearings on H.R. 5111, the Servicemembers' Civil Relief Act, and H.R. 4017, the Soldiers' and Sailors' Civil Relief Equity Act. H.R. 5111 was a restatement and clarification of the Soldiers' and Sailors' Civil Relief Act of 1940. H.R. 4017 added coverage under Soldiers' and Sailors' Civil Relief Act for those National Guard members called up under title 32, United States Code, for 30 days or more.

On July 24, the witnesses included Mr. Craig Duehring, Acting Assistant Secretary of Defense (Reserve Affairs); Ms. Judy Wilson, Deputy Director, Government Relations, the Enlisted Association of the National Guard; Mr. Bob Manhan, Assistant Director, National Legislative Service, Veterans of Foreign Wars; Mr. Richard Jones, National Legislative Director, AMVETS; and Ms. Joyce Wessel Raezer, Director, Government Relations, the National Military Family Association, Inc.

On July 25, the witnesses were Robert Hirshon, Esq., President, American Bar Association; Eugene R. Fidell, Esq., Feldeman, Tucker, Leifer, Fidell & Bank, LLP; Mr. James Murphy, Chairman, Mortgage Bankers Association of America; Henry R. Desmarais, MD, M.P.A., Senior Vice President, Health Insurance Association of America; Ms. Kimberlee D. Vockel, Director of Legislative Affairs, Non Commissioned Officers Association; Mr. William B. Loper, Director of Government Affairs, Association of the United States Army; and Mr. James P. Tierney, Deputy Director of Legislative Programs, National Guard Association of the United States.

The Administration supported both bills in concept while opposing some specific provisions. Other witnesses also generally supported the bills in concept with suggestions for substantive or technical improvements.

OVERSIGHT ACTIVITIES

First Session

Hearing on the General Accounting Office's Report: "Veterans' Employment and Training Service Flexibility and Accountability Needed to Improve Service to Veterans"

On October 30, 2001, the Subcommittee on Benefits held a hearing on the GAO report: *"Veterans' Employment and Training Service: Flexibility and Accountability Needed to Improve Service to Veterans"* (GAO–01–928), and the VA's implementation of the Vocational Training and Rehabilitation program. The GAO report was requested by Representative Steve Buyer of Indiana, Chairman of the Oversight and Investigations Subcommittee.

Witnesses included Mr. Julius Williams, VA Director of Rehabilitation, accompanied by Ms. Gloria M. Young, Vocational Rehabilitation and Counseling Officer; Mr. Charles S. Ciccollela, Deputy Assistant Secretary of Labor for VETS, accompanied by Mr. Stanley Seidel, Director, Office of Operations and Programs; Dr. Sigurd Nilsen, GAO; Mr. Rex Hall, Chairman, Veterans Affairs Committee, National Association of State Workforce Agencies; Mr. Roger Madsen, Director, Idaho Department of Labor; Mr. Terrence P. O'Mahoney, Commissioner Representing Labor, Texas Workforce Commission; Mr. Steve Robertson, Legislative Director, The American Legion; Mr. James N. Magill, Director of Employment Policy, Veterans of Foreign Wars; and Mr. Rick Weidman, Director of Government Relations, Vietnam Veterans of America.

This report was the seventh GAO has issued on VETS programs since 1997. GAO testified on the numerous improvements needed in the VETS delivery system, including collecting outcome data, such as information on veterans' wages and job retention, and a more effective performance management system in the states. The

testimony of veterans service organizations largely supported GAO's recommendations. VA's witness testified on initiatives and measures employed in the vocational rehabilitation program, including job placement. Findings from this hearing helped in formulating H.R. 4015, which used many of the recommendations from the GAO reports.

Second Session

Staff Site Visit to National Personnel Records Center, St. Louis, Missouri

On January 24, 2002, majority and minority staff members of the Subcommittee on Benefits made a site visit to the National Personnel Records Center (NPRC) in St. Louis, Missouri. NPRC, part of the National Archives and Records Administration, is responsible for maintaining the official military personnel records of discharged members of the Armed Forces. Approximately 80 million military records are stored and filed at NPRC.

NPRC is faced with a large backlog of requests for veterans' records. The Veterans Benefits Administration (VBA) has indicated that waiting for service documentation from NPRC can be a significant obstacle in processing a veteran's claim in a timely manner. Subcommittee staff made this site visit in order to evaluate the problems confronting NPRC and to consider how Congress could alleviate the backlogs at both NPRC and VBA.

Staff Site Visit to VA Regional Office, Cleveland, Ohio

On April 1, 2002, majority and minority staff members of the Subcommittee on Benefits made a site visit to the VA Regional Office in Cleveland, Ohio, to view operations of the "Tiger Team." Secretary Principi established this initiative to expedite the processing of claims of older veterans. In November 2001, VA began an 18-month "Tiger Team" effort to resolve 81,000 of the oldest compensation and pension claims. This team is comprised of claims experts, and though located at the Cleveland RO, operates independently of it. The team is concentrating on processing older claims throughout the system, with top priority accorded claims from veterans over age 70 that have been pending for a year or more.

Field Hearing on VA Claims Processing

On April 26, 2002, the Subcommittee on Benefits held a field hearing at Ft. Bliss, a U.S. Army base in El Paso, Texas, on VA claims processing. Representatives in attendance included Subcommittee Chairman Mike Simpson of Idaho, Subcommittee Ranking Member Silvestre Reyes of Texas, and full Committee Ranking Member Lane Evans of Illinois. Witnesses from the El Paso veterans community included Mr. John McKinney, Mr. Ron Holmes, Ms. Jane Franks, and Mrs. Mary Ann Stewart. Ms. Barbara Cook testified on behalf of Local 2571, American Federation of Government Employees. Ms. Cynthia Bascetta, Director for Health Care—Veterans' Health and Benefits Issues, represented GAO and was accompanied by Ms. Irene Chu, Mr. Martin Scire, and Mr. Greg Whitney. Mr. Robert Epley, Associate Deputy Under Secretary for Policy and Program Management, represented VBA and was accompanied by Mr. Michael Walcoff. Mr. Carl Lowe, Director, Waco

VA Regional Office, also testified. The veterans' representatives expressed their frustration with an overburdened claims system, and the VA detailed its efforts to reduce the backlog while retaining quality of claims decisions.

Hearing on Status of VA Implementation of Claims Processing Task Force Recommendations, and Potential for Greater VA/Veterans Service Organization Partnership

On June 6, 2002, the Subcommittee on Benefits held an oversight hearing on the status of VA's implementation of the VA Claims Processing Task Force's recommendations, and the potential for a greater VA/veterans service organization (VSO) partnership. Witnesses included: Honorable Daniel Cooper, Under Secretary for Benefits, VBA, accompanied by Mr. Robert Epley, Associate Deputy Under Secretary for Policy and Program Management, Mr. E. Dane Clark, Board of Veterans' Appeals, Ms. Laura Miller, Assistant Deputy Under Secretary for Health, Mr. John H. Thompson, VA Deputy General Counsel, and Mr. Jack Ross, Director, Cleveland VA Regional Office; Mr. George Hunt, President, National Association of County Veterans Service Officers, accompanied by Mr. Michael Murphy, First Vice President, and Mr. Ronald Melendez, Treasurer/Chief Financial Officer; Mr. Raymond Boland, President, National Association of State Directors of Veterans Affairs; Mr. Carl Blake, Associate Legislative Director, Paralyzed Veterans of America; Mr. John McNeil, Deputy Director, National Veterans Service, Veterans of Foreign Wars; Mr. Brian Lawrence, Associate National Legislative Director, Disabled American Veterans; Mr. James Fischl, Director, National Veterans Affairs and Rehabilitation Commission, The American Legion; Mr. John Lopez, Chairman, Association of Service Disabled Veterans; Leonard Selfon, Esq., Director, Veterans Benefits Program, Vietnam Veterans of America; and Mr. Howard DeWolf, National Service Director, AMVETS.

Several veterans service organizations, particularly the National Association of County Veterans Service Officers, the Paralyzed Veterans of America, and the Veterans of Foreign Wars expressed their vision for submitting fully-developed, ready-to-rate disability compensation claims; the VA supported a stronger VA/VSO "partnership," and described its initiatives for partnership.

Hearing on the Transition Assistance Program and the Disabled Transition Assistance Program

On July 18, 2002, the Subcommittee on Benefits held a hearing on the Transition Assistance Program (TAP) and the Disabled Transition Assistance Program (DTAP). With an estimated 1.1 million servicemen and women transitioning to civilian life over the next five years, the progress and effectiveness of federal programs to help them find jobs is an important issue for the Committee. As required by law, the Army, Navy, Air Force, Marine Corps, Coast Guard provide pre-separation counseling not later than 180 days prior to separation, and as early as 12 months prior to separation for servicemembers serving one term and 24 months prior to separation for retirees. Among the items discussed were earned educational and home loan benefits, disability compensation and

health care benefits, job search and placement information, and financial planning.

The witnesses included Ms. Cynthia Bascetta, GAO, accompanied by Ms. Sheila Drake; Mr. John M. Molino, Deputy Assistant Secretary of Defense for Military, Community and Family Policy; Mr. John McLaurin, Deputy Assistant Secretary for Human Resources, U.S. Army; Ms. Anita Blair, Deputy Assistant Secretary for Personnel Programs, U.S. Navy; Ms. Kelly Craven, Deputy Assistant Secretary for Force Management Integration, U.S. Air Force; Rear Admiral Joyce Johnson, Director, Directorate of Health and Safety, U.S. Coast Guard; Mr. Robert Epley, Associate Deputy Under Secretary for Policy and Program Management, VBA; and Honorable Frederico Juarbe, Jr., Assistant Secretary of Labor for Veterans' Employment and Training Service.

Each service branch and the Department of Defense testified that a Department of Labor presence on U.S. military bases abroad would help transitioning servicemembers, many of whom cannot communicate with employers in the states and territories during the business day due to time-zone differences. All witnesses, Chairman Simpson, and Ranking Member Reyes expressed support for DOL stationing personnel at major military bases overseas to assist transitioning servicemembers in finding jobs; DOL agreed to expeditiously explore this possibility.

Witnesses at the hearing reiterated that one of the hallmarks of a successful transition is sustained, quality employment. They confirmed that the reliability, initiative and leadership qualities servicemembers possess are valuable to civilian employers, and that hiring former servicemembers is a good business decision.

SUBCOMMITTEE ON OVERSIGHT AND INVESTIGATIONS

The Subcommittee on Oversight and Investigation is charged with oversight of all matters within the jurisdiction of the Committee on Veterans' Affairs. Primary focuses include: combating government waste, fraud, and abuse; improving Federal accountability; and assuring Federal compliance with law through oversight and investigation. The Subcommittee also strives to protect the rights of veterans and their family members. In order to carry out its responsibilities, the Subcommittee conducts hearings, site visits and investigations nationwide, and commissions reports from the General Accounting Office, the Congressional Research Service, and the VA's Office of the Inspector General. (See p. 89, Oversight Plan for 107th Congress).

OVERSIGHT HEARINGS

First Session

Hearing on VA Information Technology

On April 4, 2001, the Subcommittee on Oversight and Investigations held a hearing on the Department of Veterans Affairs' information technology programs. Witnesses included: Honorable Anthony J. Principi, Secretary of Veterans Affairs; Honorable Thomas L. Garthwaite, Under Secretary for Health, VHA; Honorable Joseph Thompson, Under Secretary for Benefits, VBA; the Honorable Roger H. Rapp, VA Under Secretary for Memorial Affairs; Mr. Karl

Ware, Executive Vice-President of Operations, BioNetrix Systems Corporation; Mr. Ken Brandt, Managing Director, Tiger Testing; Mr. Scott C. Sherman, Director of Advanced Technology Architectures, EMC2 Corporation; Dr. David McClure, Director of Information Technology Management Issues, GAO; Ms. Valerie C. Melvin, Assistant Director for Accounting and Information Management Issues, GAO; Honorable Richard J. Griffin, VA Inspector General; and Mr. Michael Slachta, VA Assistant Inspector General for Audit. The House Majority Leader, Honorable Richard Armey, also provided a statement for the record.

In this second follow-up hearing (previous hearings on May 11, 2000, and September 21, 2000, 106th Congress), the Subcommittee heard testimony concerning computer security, VA's efforts to develop an integrated, department-wide enterprise architecture, VHA's Decision Support System (DSS), and VBA's VETSNET compensation and pension system. VA testified that it had not defined its system-wide architecture. It also gave a progress report on the DSS program.

VA has been upgrading its IT infrastructure for the last decade. The IT budget for 2001 was $1.4 billion and for 2002 was $1.1 billion. It has received approximately one billion dollars a year for the past decade.

The hearing concluded with the Chairman stating that at planned follow-up hearings, VA should anticipate the following questions being asked: (1) when will the integrated enterprise architecture plan be delivered to Congress; (2) when will VA's level of IT security be at adequate levels to protect the privacy of veterans; (3) when will VETSNET be required to pass the independent audit referenced in VA's testimony; and (4) when will DSS be fully implemented and standardization audits be in place?

Field Hearing on Quality of Care and Management Issues

On September 5, 2001, the Subcommittee held a field hearing at the Indiana War Memorial in Indianapolis, on quality of care and management issues in Indiana, and the management and delivery of benefits by the VA Regional Office for Benefits in Indianapolis. Witnesses included: Honorable Anthony J. Principi, Secretary of Veterans Affairs; Honorable Richard Griffin, VA Inspector General; Mr. Alanson Schweitzer, VA Assistant Inspector General for Healthcare Inspections; Mr. William DeProspero, Director, Chicago Operations Division, VA Office of Inspector General; Mr. Paul Curtice, Veteran Service Officer, Morgan County Indiana Veterans Office; Mr. Randy Fairchild, Veteran Service Officer, Tippecanoe County Indiana Veterans Office; Mr. William D. Jackson, Director, Indiana State Department of Veterans Affairs; Mr. Jay Kendall, Veteran Service Officer, Miami County Indiana Veterans Office; Mr. John Michalski, Commander, The American Legion of Indiana; Ms. Linda Belton, Director of VHA Veterans Integrated Service Network 11; Michael W. Murphy, Ph.D., Director VA Northern Indiana Health Care System; Mr. Robert H. Sabin, Director, Richard L. Roudebush VA Medical Center; Mr. Jeffrey M. Alger, Director, VA Regional Office for Benefits, Indianapolis; Mr. Frederick G. Bitner, President, AFGE Local 610; Ms. Teri James, RN, President,

AFGE Local 609; and Mr. William Overbey, President, AFGE Local 1020.

Secretary Principi testified that one of his highest priorities was to reduce the 650,000 claims backlog that was largely inherited from the previous administration. He also outlined VA's goals, based on his five-part vision (health care, benefits, medical research, national cemeteries, and VA's business practices). The Secretary discussed his Tiger Team initiative, the Claims Processing Task Force headed by Admiral (ret.) Daniel Cooper, and the Acquisition Reform Task Force, which were designed to achieve his goals for the VA in the 21st century.

The Inspector General provided an overview of the Combined Assessment Program Review dated May 31, 2000, and cited several areas that required improvement at Roudebush Medical Center, including the need to strengthen its informed consent procedures used for surgical and human research projects. The Inspector General also identified three systemic concerns: reconciliation of government purchase cards; inventory control problems with some of the more expensive drugs; and destruction of expired drugs.

The Subcommittee addresses several management issues at the Marion VA facility. VA witnesses were questioned about the cost benefit and justification of possible bed closures at the Marion VA. Also, they were questioned about the justification for building and dedicating a new Psychiatric facility at the Marion VA, if it were to be used at only a fraction of design capacity.

Several veterans' service officers and union representatives testified about issues affecting Indiana veterans and the VA. These issues include union disagreements with VA management, lengthy waiting times for veterans to get appointments and staffing shortages at the VA facilities in the state.

Hearing on VA's Medical Care Collection Fund

On September 20, 2001, the Subcommittee held a hearing which examined a number of issues that have confronted VA in its efforts to improve its third party collections under the Medical Care Collection Fund (MCCF). Witnesses included: Mr. Steven P. Backhus, Director of Health Care—VA and Military Health Issues, GAO; Honorable Richard J. Griffin, VA Inspector General; Mr. James E. Woys, President and Chief Operating Officer, Health Net Federal Services; Mr. Edward Gaskell, President, AdvanceMed Corporation; Honorable Thomas L. Garthwaite, M.D., Under Secretary for Health, VHA; and Ms. Karen Sagar; MCCF Director, Martinsburg VA Medical Center.

In 1997, Congress gave VA authority to retain third party collections it recovered, instead of returning the funds to the U. S. Treasury. This was done at the request of VA as a part of its five year plan to obtain ten percent of its funding from third party collections and other revenue sources. VA had not been able to meet this goal and acknowledged that for fiscal year 2002 revenues from alternative sources would only reach four percent.

The Inspector General shared information gathered from his Combined Assessment Program Reviews that were conducted from January 1, 1999 to August 15, 2001, as well as the most recent MCCF findings. GAO testified that the VA reversed its decline in

third-party collections mainly due to its implementation of the "reasonable charges" billing system. However, the GAO representative suggested that the system's longstanding problems still existed. The Subcommittee also heard testimony from individuals in the private sector about what is necessary to maximize collections, and why information collection is important. VA provided its overview of the progress it had made in collections. VA also presented the Price Waterhouse report it commissioned that identified actions in 24 major areas that should be taken to improve revenue operations.

Hearing on the Need to Develop Education and Training Programs on the Medical Responses to the Consequences of Terrorist Activities

On November 14, 2001, the Subcommittee on Oversight and Investigations held a hearing to review the capabilities of the Nation's medical community to diagnose and treat casualties resulting from biological, chemical, and radiological incidents. Witnesses included: Representative John Cooksey of Louisiana; Representative Dave Weldon of Florida; John Eisold, M.D., Attending Physician to Congress; Susan Matcha, M.D., Mid-Atlantic Permanente Medical Group; Carlos Omenaca, M.D., Miami Heart Center; Frances Murphy, M.D., Deputy Undersecretary for Health, VHA; Susan Mather, M.D., Chief Officer, Public Health and Environmental Hazards, VHA; Mr. Kenneth Misrach, Director, VA New Jersey Health Care System; Val Hemming, M.D., Dean, F. Edward Hebert School of Medicine, Uniformed Services University of the Health Sciences (USUHS); J. Edward Hill, M.D., Chairman-Elect of the Board of Trustees, American Medical Association; Jordan J. Cohen, M.D., President, American Association of Medical Colleges; Martin J. Blaser, M.D., Professor and Chairman, Department of Medicine, New York University School of Medicine. The Subcommittee heard testimony about the roles of VA and DOD in educating the nation's medical students and current health care professionals to diagnose and treat casualties resulting from an unconventional attack.

The merits of H.R. 3254, the Medical Education for National Defense Act of the 21st Century, introduced by Subcommittee Chairman Buyer, were also discussed. DOD testified that the USUHS curriculum prepares its physicians to deal with biological, chemical, and chemical terrorism. USUHS is the only medical school in the Nation that has this training as part of its core curriculum. The VA representative testified that VA's infrastructure, which consists of 171 medical centers, 800 clinics, satellite broadcast capabilities and a preexisting affiliation with 107 medical schools, would enable current and future medical professionals in this country to become knowledgeable and medically competent in the treatment of such exposures.

Dr. Matcha and Dr. Omenaca, who treated anthrax victims in Washington, DC, and Florida respectively, testified that their medical training left much to be desired when responding to an anthrax attack. Dr. Eisold shared with the Subcommittee the steps he took to safeguard individuals potentially exposed to anthrax on Capitol Hill. Dr. Hill and Dr. Cohen testified that the civilian medical community would be receptive to information and training pro-

grams offered by VA and DOD and that this information would enhance the medical schools' curricula. The substance of H.R. 3254 became part of Public Law 107–287 (see p. 21 for summary).

Second Session

Hearing on VA Information Technology with Review of Integrated Systems Architecture, VETSNET, DSS, Information Security, and the Government Computer-Based Patient Record Program

On March 13, 2002, the Subcommittee on Oversight and Investigations held a third follow-up hearing on VA's continuing efforts to improve and secure its information technology system. Witnesses included: Honorable John A. Gauss, VA Assistant Secretary for Information and Technology; Mr. Bruce A. Brody, VA Associate Deputy Assistant Secretary for Cyber Security; Mr. Gary Christopherson, VHA CIO; Ms. K. Adair Martinez, VBA CIO; Mr. William Campbell, VA Deputy Assistant Secretary for Finance; Dr. Leon Kappelman, Director, Information Systems Research Center at the University of North Texas; Dr. David McClure, Director, Information Technology Management Issues, GAO; Ms. Valerie C. Melvin, Assistant Director, Accounting and Information Management Issues, GAO; Honorable Richard J. Griffin, VA Inspector General; and Mr. Steven Gaskell, Director, VA Inspector General Central Office Operations.

The purpose of the hearing was to learn what progress had been made with VA's IT architecture plan, VHA's VETSNET claims processing program, VHA's Decision Support Systems, the Government Computer-Based Patient Record Program, and computer security.

The Clinger-Cohen Act of 1996 requires that agencies on a government-wide basis develop an enterprise architecture. VA had disparate systems with multiple data centers, technologies, CIOs, networks and vendor products, which often resulted in duplication or incompatibility. A "One-VA" integrated enterprise architecture would eliminate many of these problems and reduce operating costs. This would allow more interoperability between VBA, VHA, and NCA.

In this hearing, the Subcommittee examined VA's progress on the implementation of the "One-VA" integrated enterprise architecture plan; progress on the development of the VETSNET compensation and pension delivery system; the implementation of the Government Computer Based Records system; VA's continuing efforts to improve the strength of its network and information security; and VHA's Decision Support System. The Subcommittee questioned the newly appointed Department CIO about his plans for these systems and his ability to take control of the Department's IT programs, despite lacking a direct line of authority over the CIOs of VHA, VBA and NCA. Dr. Gauss stated that he would evaluate all legacy systems and would then make appropriate recommendations. Regarding the direct line of authority over the administration CIOs, Dr. Gauss stated that he would not be opposed to receiving such authority, but he did not feel such action was necessary for him to achieve his objectives. Other witnesses discussed the need for the CIO's increased line and budgetary authority to

strengthen management and to affect the required changes to achieve "One-VA."

The VA's new head of computer security, Bruce Brody, outlined VA's ongoing efforts to strengthen its IT systems against infiltration, with the highest priority being to protect the system against external attack.

Joint Hearing on Nonprofit Research Corporations and Educational Foundations Affiliated with Specific Veterans Health Administration facilities

On May 16, 2002, the Subcommittee on Oversight and Investigations and the Subcommittee on Health held a joint hearing on VA research and research corporations and educational foundations. Witnesses included: Mr. Michael Slachta Jr., VA Assistant Inspector General for Audit; Mr. John Bilobran, VA Deputy Assistant Inspector General for Audit; Dr. John Mather, Chief Officer, Office of Research Compliance and Assurance, VHA; Honorable Robert H. Roswell, M.D., VA Under Secretary for Health; Honorable Tim S. McClain, VA General Counsel; Dr. John R. Feussner, Chief Research and Development Officer, VHA; Dr. Mindy Aisen, Director of Rehabilitation Research and Development, VHA; Mr. Antonio Laracuente, Chairman, National Association of Veterans' Research and Education Foundations (NAVREF); Dr. Franklin Zieve, President, McGuire Research Institute, Inc.; Mr. Kenneth Hickman, Executive Director, Brentwood Biomedical Research Institute; and Dr. Wendy Baldwin, Deputy Director for Extramural Research, National Institutes of Health (NIH).

The hearing focused on several issues, including: a follow-up on a Subcommittee hearing held in April 1999 on the suspension of medical research at the West Los Angeles and Sepulveda VA medical facilities; the status of VA's research accreditation program; a review of the management and effectiveness of VA research and education foundations; and an examination of intellectual property rights concerning VA's inventions and discoveries.

The Subcommittees received testimony on VA's protection for human subject research programs, as well as testimony on nonprofit research corporations and educational foundations affiliated with VA. The Inspector General testified on VHA's lack of knowledge concerning specific aspects and details of the 85 active research corporations. Dr. Mather testified that VA made significant improvements in its efforts to ensure the effectiveness of its human research protection program, but that many problems still exist. The VA representatives acknowledged that it had to improve its oversight of the corporations, but stressed the progress made in the protection of human subjects in medical trials. The NAVREF representatives testified that the individual research corporations were vital VA research programs.

The Subcommittee questioned VA about its initiative to attain intellectual property rights to the many medical breakthroughs with which it has been associated. VA provided a brief overview of this new program, and was informed to expect a Subcommittee hearing on this issue. The Subcommittee also questioned NIH on its policy of not including full funding to include indirect costs for research conducted at VA facilities. NIH provides these costs to

most other organizations, including foreign research entities. NIH and VA agreed to enter into discussion concerning this topic.

Hearing on VA Medical Research Programs

On September 19, 2002, the Subcommittee on Oversight and Investigations held a hearing on VA research activities. Witnesses included: Mr. Benjamin Wu, Deputy Under Secretary for Technology, U.S. Department of Commerce; Mr. Michael Slachta Jr., VA Assistant Inspector General for Audit; Ms. Cynthia Bascetta, Director of Veterans' Health and Benefits Issues, GAO; Honorable Robert H. Roswell, M.D., Under Secretary for Health, VHA; Dr. John Mather, Chief Officer, Office of Research Compliance and Assurance (ORCA), VHA; Mindy Aisen, M.D., Director of Rehabilitation Research and Development, VHA; James Burris, M.D., Acting Chief Research and Development Officer, VHA; Mr. John Bradley, Director of Finance, Office of Research and Development, VHA; Mr. Antonio Laracuente, Chairman, National Association of Veterans' Research and Education Foundations (NAVREF); and Wendy Baldwin, M.D., Deputy Director for Extramural Research, National Institutes of Health (NIH).

The hearing provided the Subcommittee with an update on several issues: VA's efforts in securing intellectual property rights for its medical discoveries and inventions; VA's Human Research Protection Accreditation Program; management and effectiveness of VA research and education foundations; and NIH/VA indirect cost for administration of research grants.

Witnesses from VA and Commerce testified concerning the effectiveness of VA's technology transfer initiatives and how they compared to those of other government agencies. It was agreed that VA's efforts in this area were generally consistent with those of other government agencies and appeared to be headed in a positive direction. ORCA testified that it was close to completing a comprehensive report on human subject protections. The need to strengthen the reporting and accountability standards of VA's 85 research and educational foundations was discussed. NAVREF provided the Subcommittee with an update of its ongoing efforts to ensure the financial activities of the corporations comply with the letter and spirit of the law.

The Subcommittee readdressed the NIH research funding issues raised in the May 2002 hearing. Dr. Roswell indicated the lack of NIH funding for indirect research costs could impact veterans' healthcare. Other witnesses testified that VA research included the types of research covered by an existing statute that requires payments to VA when payments for a similar purpose are made to other organizations. Before 1989, NIH paid VA for indirect costs for research. A subsequent NIH policy eliminated payment for indirect costs requiring VA to cover indirect costs for NIH funded research at VA facilities. The meeting between VA and NIH, promised at the May 2002 hearing, occurred only two weeks prior to this hearing.

Finally, the Subcommittee questioned both the Department of Commerce and VA on the topic of intellectual property rights. The Subcommittee highlighted VA's past missed opportunities to obtain

credit and royalties for its involvement in medical discoveries, but also applauded VA's recent actions to obtain them.

Hearing on VA Information Technology

On September 26, 2002, the Subcommittee on Oversight and Investigations held a fourth follow-up hearing on VA's continuing efforts to improve and secure its information technology (IT) system. Witnesses included: Honorable John A. Gauss, VA Assistant Secretary for Information and Technology; Mr. Bruce A. Brody, VA Associate Deputy Assistant Secretary for Cyber Security; Dr. Franklin A. Perry, VA Chief Technology Officer; Mr. Joel C. Willemssen, Managing Director for Information Technology Issues, GAO; Ms. Valerie C. Melvin, Assistant Director for Accounting and Information Management Issues, GAO; Honorable Richard J. Griffin, VA Inspector General; and Mr. Michael Slachta Jr., VA Assistant Inspector General for Audit.

The Subcommittee reviewed the progress on several programs, including the VETSNET compensation and pension delivery system. Dr. Gauss assured the Subcommittee that this six-year-old program would be fully deployed by April 2004. The implementation of the Government Computer Based Records system, recently renamed the Federal Health Information Exchange (FHIE), was also explored. VA and DOD's Memorandum of Understanding dated May 3, 2002, stated that VA will take the lead on FHIE's execution and completion. The review of VA's continuing efforts to improve the strength of its network and information security showed significant improvement, but also identified continuing weaknesses.

The Secretary's decision to realign the Department's IT personnel under the direct authority of the Department CIO was also discussed by Dr. Gauss in his testimony. The Subcommittee examined what effect this would have on VA's IT administrative structure. For a number of years, GAO recommended that VA realign its IT program and place it under the direct control of the Departmental CIO. Previously, each administration within VA (VHA, VBA, and NCA) had respective CIO's who reported to their respective Under Secretaries. The Department CIO could only advise the Under Secretary concerning actions that should be taken.

The Secretary's reorganization was hailed by the Subcommittee as an important step for VA. The Subcommittee pledged its support to the Department in its efforts to implement the integrated enterprise architecture plan and the consolidation of authority in its CIO position.

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

	Congress																		
	89th	90th	91st	92d	93d	94th	95th	96th	97th	98th	99th	100th	101st	102d	103d	104th	105th	106th	107th
Bills and resolutions referred	791	685	740	693	839	719	709	339	273	229	198	147	194	215	174	128	134	146	194
Hearing sessions	71	46	43	37	44	58	72	84	89	71	76	44	72	67	71	39	56	66	58
Meetings and mark-up sessions	32	13	27	21	16	30	26	19	18	16	20	16	26	20	23	19	18	13	14
Bills reported	47	[3] 19	34	26	[4] 14	23	32	11	16	15	17	14	33	21	25	15	15	10	14
Bills in House	[1] 4	4	1	4	1	.....	1	1	1	3	3	1	4	3	11	.....	.....	1	.....
Pending in Senate committees	[2] 12	3	9	7	2	[5] 9	17	3	6	6	8	9	23	7	11	10	1	1	10
Bills on Senate Calendar or in Senate	1	.....	.....	.....	.....	.....	1	1	1	.....	1	3	1	3	3	.....	.....	1	.....
Recommitted	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Bills vetoed	.....	.....	.....	2	1	.....	.....	1	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Bills passed over veto	.....	.....	.....	.....	1	.....	.....	1	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Laws enacted	30	15	24	15	15	15	13	6	8	8	6	4	8	24	15	6	6	11	12

[1] and [2] One bill in a Senate committee had purpose accomplished administratively; 5 other were enacted as sections of another bill; and portions of 1 bill left in the House were enacted as part of another bill.
[3] Includes S.J. Res. 197 making technical correction to law, which was brought to House floor for immediate consideration and passage by unanimous consent.
[4] The difference in number of bills reported (14) and laws enacted (15) is due to the fact that S. 3705 did not go to the House Committee. However, the subject matter was included in H.R. 12628.
[5] Includes H.R. 9576 subject matter of which was contained in S. 969, passed in lieu.

HEARINGS AND EXECUTIVE SESSIONS

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

February 14, 2001. OPEN. 11:00 a.m. Full Committee. Meeting. Organizational and Oversight Plan.

February 28, 2001. OPEN. 10:00 a.m. House and Senate Veterans' Affairs Committees. Joint Hearing. Room 345 Cannon HOB. The legislative priorities of the Veterans of Foreign Wars.

March 1, 2001. OPEN. 9:30 a.m. House and Senate Veterans' Affairs Committees. Joint Hearing. Room 345 Cannon HOB. The legislative priorities of The Retired Enlisted Association, Gold Star Wives, Fleet Reserve Association and Air Force Sergeants Association.

March 6, 2001. OPEN. 1:00 p.m. Full Committee. Hearing. Department of Veterans Affairs Budget Request for Fiscal Year 2002. (Serial No. 107–1)

March 7, 2001. OPEN. 12:45 p.m. Full Committee. Meeting. Approve the Committee's Views and Estimates of the Administration's Fiscal Year 2002 Budget.

March 8, 2001. OPEN. 9:30 a.m. House and Senate Veterans' Affairs Committees. Joint Hearing. Room 345 Cannon HOB. The legislative priorities of the Blinded Veterans Association, Non Commissioned Officers Association, Military Order of the Purple Heart, Jewish War Veterans and Paralyzed Veterans of America.

March 13, 2001. OPEN. 1:30 p.m. Full Committee. Hearing. H.R. 811, Veterans' Hospital Emergency Repair Act. (Serial No. 107–2)

March 14, 2001. OPEN. 10:00 a.m. House and Senate Veterans' Affairs Committees. Joint Hearing. Room 345 Cannon HOB. The legislative priorities of the Disabled Veterans of America.

March 15, 2001. OPEN. 9:00 a.m. Subcommittee on Benefits. Hearing. H.R. 801, the Veterans' Opportunities Act of 2001, and VA's Implementation of Veterans' Transitional Housing Assistance. (Serial No. 107–3)

March 21, 2001. OPEN. 10:00 a.m. Full Committee. Markup. H.R. 801 and H.R. 811.

March 22, 2001. OPEN. 10:00 a.m. House and Senate Veterans' Affairs Committees. Joint Hearing. Room 345 Cannon HOB. The legislative priorities of the American Ex-Prisoners of War, Vietnam Veterans of America, The Retired Officers Association, National Association of State Directors of Veterans Affairs and AMVETS.

April 3, 2001. OPEN. 2:00 p.m. Subcommittee on Health. Hearing. The State of the VA Health Care System. (Serial No.107–4)

April 4, 2001. OPEN. 10:00 a.m. Subcommittee on Oversight and Investigations. Hearing. Hearing III on Information Technology. (Serial No. 107–5)

May 24, 2001. OPEN. 10:00 a.m. Subcommittee on Benefits. Hearing. H.R. 1291, 21st Century Montgomery GI Bill Enhancement Act. (Serial No. 107–6)

June 7, 2001. OPEN. 11:30 a.m. Subcommittee on Benefits. Hearing. H.R. 1291, 21st Century Montgomery GI Bill Enhancement Act. (Serial No. 107–6)

June 20, 2001. OPEN. 2:00 p.m. Subcommittee on Health. Hearing. Mental Health, Substance-Use Disorders, and Homelessness. (Serial No. 107–7)

July 10, 2001. OPEN. 10:00 a.m. Subcommittee on Benefits. Hearing. Legislative Hearing on H.R. 862, H.R. 1406, H.R. 1435, H.R.1746, H.R. 1929, H.R. 2359 and H.R. 2361. (Serial No. 107–8)

July 12, 2001. OPEN. 10:30 a.m. Subcommittee on Benefits. Markup. Pending Legislation.

July 19, 2001. OPEN. 9:00 a.m. Full Committee. Markup. H.R. 2540.

September 5, 2001. OPEN. 10:00 a.m. Indianapolis, Indiana. Subcommittee on Oversight and Investigations. Hearing. Field Hearing on Quality of Care and Management Issues. (Serial No. 107–9)

September 6, 2001. OPEN. 2:00 p.m. Subcommittee on Health. Hearing. H.R. 2792, the Disabled Veterans Service Dog and Health Care Improvement Act of 2001 and Related Legislative Matters. (Serial No. 107–10)

September 20, 2001. OPEN. 10:00 a.m. Subcommittee on Oversight and Investigations. Hearing. VA's Medical Care Collection Fund. (Serial No. 107–11)

September 20, 2001. OPEN. 1:30 p.m. Full Committee. Hearing. H.R. 2716, the Homeless Veterans Assistance Act of 2001, and H.R. 936, the Heather French Henry Homeless Veterans Assistance Act. (Serial No. 107–12)

September 24, 2001. OPEN. 9:00 a.m. Veterans Affairs Medical Center, Wichita, Kansas. Subcommittee on Health. Hearing. Rural Health Care. (Serial No. 107–13)

October 4, 2001. OPEN. 2:00 p.m. Subcommittee on Health. Markup. H.R. 2716 and H.R. 2792.

October 10, 2001. OPEN. 10:00 a.m. Full Committee. Markup. H.R. 2716 and H.R. 2792.

October 15, 2001. OPEN. 2:00 p.m. Full Committee. Hearing. VA's Ability to Respond to DOD Contingencies and National Emergencies. (Serial No. 107–14)

October 30, 2001. OPEN. 9:00 a.m. Subcommittee on Benefits. Hearing. General Accounting Office's report: "Veterans' Employment and Training Service Flexibility and Accountability Needed to Improve Service to Veterans." (Serial No. 107–15)

November 6, 2001. OPEN. 2:00 p.m. Full Committee. Hearing. To Receive the Report VA Claims Processing Task Force (Cooper Report). (Serial No. 107–16)

November 14, 2001. OPEN. 10:00 a.m. Subcommittee on Oversight and Investigations. Hearing. The Need to Develop Education and Training Programs on the Medical Responses to the Consequences of Terrorist Activities.

December 13, 2001. OPEN. 10:00 a.m. Full Committee. Hearing. H.R. 3423, to amend Title 38, United States Code, To Enact into Law Eligibility of Certain Veterans and Their Dependents for Burial in Arlington National Cemetery.

December 13, 2001. OPEN. 2:00 p.m. Full Committee. Markup. H.R. 3423.

January 24, 2002. OPEN. 9:00 a.m. Subcommittee on Health. Hearing. To Consider Issues of Operational and Medical Readiness

in the Active Duty Force and Their Relationships to the Health Status of the Veteran Population.

February 13, 2002. OPEN. 10:00 a.m. Full Committee. Hearing. Department of Veterans Affairs Budget Request for Fiscal Year 2003.

February 27, 2002. OPEN. 9:30 a.m. House and Senate Veterans' Affairs Committees. Joint Hearing. Room 345 Cannon HOB. The Legislative Priorities of the Disabled American Veterans.

February 27, 2002. OPEN. 12.00 p.m. House and Senate Veterans' Affairs Committees. Joint Hearing. Room 345 Cannon HOB. The Legislative Priorities of the Veterans of Foreign Wars.

February 27, 2002. OPEN. 2:00 p.m. Subcommittee on Health. Hearing. Hearing to Consider Issues of Operational and Medical Readiness in Active Duty Force and Their Relationships to the Health Status of the Veteran Population.

March 7, 2002. OPEN. 10:00 a.m. House and Senate Veterans' Affairs Committees. Joint Hearing. Room 345 Cannon NOB. The legislative priorities of the Paralyzed Veterans of America, Jewish War Veterans, Blinded Veterans Association, Non Commissioned Officers Association, Military Order of the Purple Heart.

March 7, 2002. OPEN. 10:00 a.m. Subcommittee on Health and Committee on Armed Services, Subcommittee on Military Personnel. Joint Hearing. 2118 Rayburn HOB. Health Care Sharing by the Department of Defense and the Department of Veterans Affairs. (H.A.S.C. 107–39)

March 13, 2002. OPEN. 10:00 a.m. Subcommittee on Oversight and Investigations. Hearing. Hearing on VA's Information Technology Initiatives.

March 14, 2002. OPEN. 10:00 a.m. House and Senate Veterans' Affairs Committees. Joint Hearing. Room 345 Cannon HOB. The legislative priorities of Gold Star Wives, Fleet Reserve Association, the Air Force Sergeants Association, and The Retired Enlisted Association.

March 20, 2002. OPEN. 2:00 p.m. House and Senate Veterans' Affairs Committee. Joint Hearing. Room 345 Cannon HOB. The legislative priorities of American Ex-Prisoners of War, Vietnam Veterans of America, The Retired Officers Association, National Association of State Director of Veterans Affairs and AMVETS.

April 10, 2002. OPEN. 3:00 p.m. Subcommittee on Health. Hearing. Hearing on H.R. 3253, National Medical Emergency Preparedness Act of 2001; and H.R. 3254, Medical Education for National Defense in the 21st Century Act.

April 11, 2002. OPEN. 9:00 a.m. Subcommittee on Benefits. Hearing. Hearing on H.R. 1108, Allow Payment of Dependency and Indemnity Compensation to Surviving Spouses Who Marry After Age 55; H.R. 2095, Reservist VA Home Loan Fairness Act of 2001; H.R. 2222, Veterans Life Insurance Improvement Act of 2001; and H.R. 3731, Increase Funding For State Approving Agencies.

April 18, 2002. OPEN. 9:00 a.m. Subcommittee on Benefits. Hearing. Hearing on H.R. 4015, Jobs for Veterans Act.

April 24, 2002. OPEN. 3:00 p.m. Subcommittee on Health. Hearing. Hearing on the Major Medical Facilities Construction Authorization bill.

April 26, 2002. OPEN. 1:00 p.m. El Paso, Texas. Subcommittee on Benefits. Hearing. Field Hearing on VA Claims Processing.

April 30, 2002. OPEN. 10:00 a.m. George Washington Ballroom, War Memorial Building, Trenton, New Jersey. Full Committee. Hearing. Field Hearing on Recommendations to Revise VA System for Healthcare Resource Allocation.

May 1, 2002. OPEN. 1:30 p.m. Subcommittee on Health. Markup. H.R. 3253, H.R. 4514 and H.R. 4608.

May 2, 2002. OPEN. 10:00 a.m. Subcommittee on Benefits. Markup. Pending legislation.

May 9, 2002. OPEN. 10:00 a.m. Full Committee. Markup. H.R.4015, H.R. 4085, H.R. 4514, H.R. 3253 and H.R. 4608.

May 16, 2002. OPEN. 10:00 a.m. Subcommittee on Health and Subcommittee on Oversight and Investigations. Joint Hearing. Nonprofit Research Corporations and Educational Foundations Affiliated with Specific Veterans Health Administration Facilities.

June 6, 2002. OPEN. 10:00 a.m. Subcommittee on Benefits. Hearing. Hearing on the Status of the Department of Veterans Affairs' Implementation of the VA Claims Processing Task Force's Recommendations, and the Potential for a Greater VA/Veterans Service Organization "Partnership."

June 11, 2002. OPEN. 10:00 a.m. Subcommittee on Benefits. Hearing. Hearing on H.R. 3173, the Servicemembers and Military Families Financial Protection Act of 2001; H.R. 3735, the Department of Veterans Affairs Overpayment Administration Improvement Act of 2002; H.R. 3771, to Exclude Monetary Benefits Paid to Veterans by States and Municipalities from consideration as income for purposes of pension benefits; and H.R. 4042, the Veterans Home Loan Prepayment Protection Act of 2002. Two Draft Bill were also considered: the Arlington National Cemetery Burial Eligibility Act, and Legislation Providing Dependency and Indemnity Compensation to the Surviving Spouse of a Veteran with a Totally Disabling Service-Connected Cold-Weather Injury.

June 13, 2002. OPEN. 3:00 p.m. Subcommittee on Health. Hearing. Hearing on the Health Care of Filipino World War II Veterans within the Department of Veterans Affairs.

June 17, 2002. OPEN. 9:00 a.m. Veterans Affairs Medical Center, Kansas City, Missouri. Subcommittee on Health. Hearing. Field Hearing to Investigate Conditions at Kansas City Veterans Medical Center.

June 26, 2002. OPEN. 9:30 a.m. Subcommittee on Health. Hearing. Hearing on H.R. 3645, Veterans Health-Care Items Procurement Reform and Improvement Act of 2002.

July 9, 2002. OPEN. 1:00 p.m. Subcommittee on Benefits. Markup. H.R. 4940 and H.R. 5055.

July 10, 2002. OPEN. 2:00 p.m. Subcommittee on Health. Markup. H.R. 3645.

July 16, 2002. OPEN. 9:30 a.m. Full Committee. Markup. H.R.4940, H.R. 5055 and H.R. 3645, as amended.

July 16, 2002. OPEN. 11:00 a.m. Full Committee. Hearing. Hearing on H.R. 4939, the Veterans Medicare Payment Act of 2002.

July 18, 2002. OPEN. 10:00 a.m. Subcommittee on Benefits. Hearing. Hearing on the Transition Assistance Program and the Disabled Transition Assistance Program.

July 24, 2002. OPEN. 10:00 a.m. Subcommittee on Benefits. Hearing. Hearing on H.R. 5111, the Servicemembers' Civil Relief Act and H.R. 4017, the Soldiers' and Sailors' Civil Relief Equity Act.

July 25, 2002. OPEN. 10:00 a.m. Subcommittee on Benefits. Hearing. Continuation of hearing on H.R. 5111 and H.R.4017.

September 10, 2002. OPEN. 10:00 a.m. House and Senate Veterans' Affairs Committees. Joint Hearing. Room 345 Cannon HOB. The legislative priorities of The American Legion.

September 12, 2002. OPEN. 1:30 p.m. Full Committee. Hearing. Hearing on the Department of Veterans Affairs Homeless Veterans Programs.

September 19, 2002. OPEN. 11:00 a.m. Subcommittee on Oversight and Investigations. Hearing. Hearing on the Department of Veterans Affairs Medical Research Programs.

September 26, 2002. OPEN. 10:00 a.m. Subcommittee on Oversight and Investigations. Hearing. Hearing on the Department of Veterans Affairs Information Technology (IT) Program.

October 2, 2002. OPEN. 9:30 a.m. Subcommittee on Health. Hearing. Hearing on VA's current Programs for Women Veterans.

October 9, 2002. OPEN. 10:45 a.m. Subcommittee on Health. Hearing. Hearing on Project SHAD, regarding Secret Chemical and Biological Tests conducted on American Servicemembers.

October 16, 2002. OPEN. 1:00 p.m. Full Committee. Hearing. Hearing to review the Department of Veterans Affairs Report on the National Cemetery System.

COMMITTEE WEB SITE

www.veterans.house.gov

The Committee on Veterans' Affairs maintains a comprehensive web site that provides up-to-date information on the activities of the Committee, records of Committee hearings, press releases, legislation, official documents and other reference materials of interest to veterans. The web site also provides links to other web sites pertaining to veterans, veterans service organizations, Congress, the Department of Veterans Affairs, and other agencies and organizations of interest to veterans, or involved in veterans policy issues.

In the first session of the 107th Congress, the Committee reviewed, redesigned and redeveloped the Committee web site in order to apply the latest technologies and techniques for the benefit of the web site's users. In redesigning the web site, the Committee's goal was to create a web site that provided complete and timely information; delivered that information in a simple and accessible manner; and provided enhanced value for our target audience of veterans, Congress, and other public and private agencies involved in determining policy on veterans' issues.

Using a professional web site consultant, the Committee developed a new design that placed the most recent and important information directly on the front page in a straightforward and uncluttered format. In addition, the menu structure was reorganized in order to provide quicker access to the activities and work products of the Committee. The new web site also contained new search tools to access the information contained within the Committee's web site as well as legislative information available from the Library of Congress.

OVERSIGHT PLAN FOR 107th CONGRESS

In accordance with clause 2(d)(1) of Rule X of the House of Representatives, the Committee on Veterans' Affairs has adopted by resolution of February 14, 2001, its oversight plan for the 107th Congress.

This oversight plan is directed at those matters most in need of oversight within the next two years. The Committee is cognizant of the requirement that it conduct oversight on all significant laws, programs, or agencies within its jurisdiction at least every ten years. To ensure coordination and cooperation with the other House committees having jurisdiction over the same or related laws affecting veterans, the Committee will consult as necessary with the Committee on Armed Services, the Committee on Education and the Workforce, and the Committee on Government Reform.

Oversight will be accomplished through committee and subcommittee hearings, field and site visits by Members and staff, and meetings and correspondence with interested parties. Methods of oversight will include existing and requested reports, studies, estimates, investigations and audits by the Congressional Research Service, the Congressional Budget Office, the General Accounting Office, and the Offices of the Inspectors General of the Departments of Veterans Affairs and Labor.

The Committee will seek the views of veterans' service organizations, military associations, other interest groups and private citizens. The Committee also welcomes communications from any individuals and organizations desiring to bring matters to its attention. A series of joint hearings is scheduled with the Senate Committee on Veterans Affairs at which veterans' service organizations and military associations will present to the committees their national resolutions and agendas for veterans.

While this oversight plan describes the foreseeable areas in which the Committee expects to conduct oversight during the 107th Congress, the Committee and its subcommittees will undertake additional oversight activities as the need arises.

Because the Committee generally conducts oversight through its subcommittees, the plan is organized by subcommittee.

SUBCOMMITTEE ON HEALTH

Veterans Equitable Resource Allocation (VERA) System. The Veterans Health Administration (VHA) adopted this system of allocating funds to its field health activities in April 1997, but this year the Under Secretary for Health approved special dispensations of more than $220 million from a national reserve for contingencies to restore some under-funded networks. The Subcommittee will review the operation and effectiveness of VERA.

Maintaining Capacity of Programs for Special Disabilities and Long-Term Care. Public Law 104–262, the Veterans' Health Care Eligibility Reform Act of 1996, requires VA to maintain specialized capacities to care for veterans. By law, VA provides a report to Congress each year to indicate the stasis of these capacities. The next report, in April, adds capacity for VA's long-term care pro-

grams. The Subcommittee intends to carefully monitor and evaluate VA's capacities to meet high-priority, specialized needs of veterans.

Hepatitis C (HCV) Programs. The VA health care system reports that it is currently treating 70,000 veterans who have tested positive for HCV. The Subcommittee will examine VA's response to the growing incidence of HCV infection among the population treated by VA and the consequential rise in demand for treatment. We will assess VA's research approach to exploring the etiology of HCV; VA's use of clinical therapies; and methods by which VA allocates and monitors HCV funding.

Mental Health and Substance-Use Disorder Programs. Reported reductions in capacity in VA programs to care for the most seriously mentally ill veterans, especially those with psychoses and with substance-use disorders, are of particular concern. The Subcommittee will explore the state of VA's mental health programs and the effectiveness of chronic mental illness treatment programs in VA's institutional, contract, community-based, case-management and aftercare programs.

Rural Health Care Matters. The Committee is concerned about the health of veterans who live in rural and remote regions, particularly whether they have adequate access to VA health care and services. The emergence of VA telemedicine holds promise to extend VA services beyond major VA medical centers. The Subcommittee will examine the role of telemedicine in VA's efforts in rural care. Also, VA has promoted improved access through its community-based clinics, primary care outlets now numbering in the hundreds. The Subcommittee will explore these clinics' geographic distribution to determine if VA has adequately responded to rural veterans' needs, including exploration of the availability of mental health services in VA's outreach efforts in rural areas.

Women Veterans' Programs. An Advisory Committee on Women Veterans was established in 1983 under Public Law 98–160 to assess the health care, outreach, and benefits needs of women and make recommendations to the Secretary of Veterans Affairs and Congress. VA medical centers have been mandated to designate women veterans' coordinators, in addition to providing specialized services and outreach. A recent report to the Under Secretary for Health identified the lack of privacy and gender-specific accommodations for women in VA facilities. The Subcommittee will continue to review VA policies and programs for women veterans.

Follow-up on Millennium Act. Public Law 106–117, the Veterans Millennium Health Care and Benefits Act, was the most significant health care legislation Congress has enacted for veterans in a number of years. The Subcommittee will pay close attention to the steps VA must take to comply fully with its mandates. The Subcommittee is especially concerned about the implementation of new copayment policy and its impact on poor and disabled veterans. Therefore, the Subcommittee will review VA's copayment plan.

Follow-up on Recent Personnel Legislation. Congress passed significant changes in VA practitioner pay systems and methods during the 106th Congress in Public Law 106–419, the Veterans

Health Care Personnel and Benefits Act of 2000. The Subcommittee will examine VA's implementation of these changes.

Scarce Medical Specialty Contracting. The Subcommittee is concerned about the services of various medical specialties obtained through government contracts. Some of these contracts are very expensive. The Subcommittee will explore VA's options in obtaining such services in a cost-effective manner, including consideration of title 38 employment authority rather than contract arrangements.

VA and DOD Health Resources Sharing. Authorized under Public Law 97–174, the VA-DOD health resources sharing program has been in existence for nearly twenty years. Yet, oversight by the Subcommittees on Health and Oversight and Investigations has revealed that barriers to sharing still exist in the organizational cultures of VA and DOD. The GAO reported to the Committee that VA and DOD efforts to consolidate procurement of drugs and biologicals could save the federal government hundreds of millions of dollars. Also, the Congressional Commission on Servicemembers and Veterans Transition Assistance made a number of recommendations in 1999 for increased sharing in these federal health programs. The Subcommittee intends to continue its oversight of VA-DOD resource sharing to encourage more effective use of funding for veterans and military health care.

VA Nonprofit Research Corporations. Public Law 100–322 authorized the establishment of nonprofit research corporations at VA medical centers to advance their research mission. VA is required to report to Congress on an annual basis the activities of these corporations. The Subcommittees on Health and on Oversight and Investigations will conduct joint oversight of them to ensure that they are effective and that their operations are consistent with Congressional intent.

Status of VA Medical Research. VA medical research in collaborative affiliations with the Nation's schools of medicine has been remarkably successful in curing human disease and advancing biomedicine. The Subcommittees on Health and on Oversight and Investigations have monitored VA research for a number of years and have recently observed some lapses in human-subject protections, inadequate management systems and other problems. VA has made a commitment to improve its performance. The Subcommittee will continue to review the progress in carrying out this major mission of the Department.

Adequacy of CHAMPVA Benefits. In Public Law 106–398, the Floyd Spence Armed Forces Reauthorization Act of 2000, Congress enacted a sweeping reform of military health care programs. However, the Civilian Health and Medical Program-Veterans Affairs (CHAMPVA) continues to offer health care benefits to eligible family members of veterans under the previous CHAMPUS/TRICARE criteria, with significant limitations and considerable cost-sharing. The Subcommittee will consider the adequacy of this benefit for CHAMPVA beneficiaries compared to the restructured military health care programs.

Infrastructure Maintenance in VA Health Care. The VA health care system capital asset planning process, known as Capital As-

sets Restructuring for Enhanced Services (CARES), will consume several years of effort. In the meantime, the Subcommittee is concerned about the medical facilities that CARES may not address. Many need maintenance, repair and upgrading. The Subcommittee will review these needs.

Waiting Times for Outpatient Care. The Committee's chairman and ranking member during the 106th Congress requested a series of reports from the General Accounting Office on the amount of time veterans must wait until they receive an appointment for routine or specialty care in VA outpatient clinics. GAO has questioned the value of some of the initiatives for which VA requested funding in fiscal year 2001 and also raised concerns about data used to assess waiting times in VA. The Subcommittee will continue to evaluate factors that exacerbate waiting times and the efficacy of strategies underway to reduce waiting times in VA.

SUBCOMMITTEE ON BENEFITS

Accuracy and Timeliness of Claims Decisions. VA provides over $20 billion a year in disability compensation and pension benefits to more than 2.5 million veterans and survivors. Public Law 106–117 required the VA to implement a quality assurance program for programs administered by the Veterans Benefits Administration. Reports by the General Accounting Office and VA's Inspector General have analyzed longstanding problems with the timeliness of claims adjudication. A hearing will examine issues of quality and timeliness in the claims adjudication process, to include veterans' appeals of VA claims decisions.

Claims Adjudication Commission Recommendations. The 1996 report of the Veterans' Claims Adjudication Commission recommended that VA and veterans service organizations establish a formal claims processing partnership group, develop case management practices and consider a lump sum payment of these benefits. A hearing will examine VA's progress in partnership initiatives and case management, and explore the issue of lump sum payments of disability compensation benefits.

Long-Term Issues in Claims Processing. The Veterans Benefits Administration has developed a number of initiatives designed to improve the processing of claims. These include computerized training programs, rating board adjudication revisions, telephone improvements and revised notices. In addition, the Veterans Claims Assistance Act, Public Law 106–475, mandates a number of changes in claims processing. A hearing will review these issues.

Persian Gulf War Veterans. The Institute of Medicine of the National Academy of Sciences and the RAND National Defense Research Institute have released reports concerning the health of Gulf War veterans. The Subcommittee will conduct a joint hearing with the Subcommittee on Health to review these and other research findings.

Veterans Entrepreneurship Opportunities. Veterans should be accorded a full opportunity to participate in the economic system that their service sustains. In conjunction with the House Small Business Committee, the Subcommittee on Benefits will conduct its sec-

ond oversight hearing on the Small Business Administration and federal government-wide implementation of the Public Law 106–50, the Veterans Entrepreneurship and Small Business Development Act of 1999. A hearing will focus efforts on the business development and technical, financial, and procurement assistance aspects of the law.

Military Occupational Specialties Requiring Civilian Licensing, Certification or Apprenticeship. The civilian employment sector increasingly relies on various forms of credentialing and licensing to regulate entry into an occupation or profession. The Subcommittee on Benefits held two hearings on this issue in the 106th Congress. A hearing will continue to examine the role of the Departments of Veterans Affairs, Labor, and Defense in helping separating servicemembers and veterans meet credentialing requirements.

National Personnel Records Center (NPRC). NPRC, located in St. Louis, MO, is the records center for all military service documents. Understaffing and minimal technological equipment appear to contribute to a growing backlog of requests for information, thus delaying the processing of veterans' claims. Following an onsite visit by VA Committee Members and staff, a hearing will address what efforts are needed to improve the processing of requests for medical and separation information.

National Cemetery Administration (NCA). Public Law 106–117 required VA to determine those geographic areas most in need of a new national cemetery. Following receipt by Congress of the report, a hearing will examine the areas NCA deems most in need of a national cemetery.

Burial Benefits. Public Law 106–117 required VA to enter into a contract to independently examine the adequacy and effectiveness of the current burial benefits administered by VA. Currently, there is no provision in title 38, United States Code, requiring the Secretary of Veterans Affairs to conduct periodic assessments of the burial benefits program. A hearing to receive the report and review the recommendations will inform the Committee how the program could better serve the burial needs of veterans and their families.

SUBCOMMITTEE ON OVERSIGHT

Inappropriate Benefits Payments. VA Office of Inspector General (OIG) audits indicate that the Veterans Benefits Administration (VBA) should develop and implement effective methods to identify inappropriate compensation and pension payments. Additionally, coordination between VA, the Defense Manpower Data Center, and local National Guard and Reserve units continues to be problematical in achieving accurate and timely payments under the Selected Reserve provisions of the Montgomery GI Bill. The Subcommittee will review VBA's efforts to implement procedures to timely identify deceased beneficiaries and terminate their compensation and pension benefits in order to reduce overpayments. Further, the Subcommittee will examine coordination issues associated with selected reserve educational assistance payments under the MGIB.

VBA Internal Fraud Controls. VA OIG criminal investigations have exposed several instances where VBA employees established fraudulent disability compensation claims and stole more than a million dollars of government funds. The OIG is currently investigating more than a hundred similar fraud cases within VBA. As a part of continuing oversight, the Subcommittee has requested VBA study internal control and security measures used by private sector companies. The Subcommittee will monitor VBA's efforts to improve internal controls and security.

Disability Claims Processing. VA has outlined what it is doing to improve processing of veterans disability claims, but GAO has stated concerns that VA's existing plans may not be adequate. The Subcommittee has requested that VBA gather information from private sector companies regarding information technology and best practices to streamline processing of claims. In conjunction with the Subcommittee on Benefits, the Subcommittee will continue review of VBA implementation of plans to improve timeliness and accuracy of veterans claims processing.

Veterans Employment and Training Service (VETS). The Subcommittee will continue its oversight of this Department of Labor program. In prior testimony, GAO stated that VETS lacks a clear vision for the future and has no strategy to conform its operations to the Workforce Investment Act. GAO is performing a detailed study of VETS and will submit a report to Congress in September 2001. This report will be the subject of an oversight hearing. The Subcommittee will determine what progress VETS has made in improving its service to veterans.

Veterans Preference. Veterans who are disabled or who served during certain periods have preference in federal jobs. The U.S. Government should be a model employer of veterans. The Subcommittee will examine the federal observance and enforcement of veterans preference.

Benefits Delivery at Discharge. To improve the transition of servicemembers to civilian life, VA has stepped up its outreach and services to active duty servicemembers before they are discharged. Subcommittee oversight of benefits delivery at discharge will include the extent to which DOD provides VA timely notice of medical discharges. The Subcommittee will also examine the timeliness of entry by veterans into VA's vocational rehabilitation program and the VA's coordination with VETS for job placement.

Faith-Based and Other Nonprofit Programs for Homeless Veterans. The Subcommittee will continue to examine the success rates of faith-based and other nonprofit homeless programs, as well as the development of performance measures for homeless veterans programs. The Subcommittee will further examine whether such faith-based and other nonprofit programs are awarded federal grants on an equitable basis.

Federal Employees' Compensation Program in VA. The Subcommittee will follow-up its previous oversight hearing during the 106th Congress. The Subcommittee will examine the manner in which workers' compensation claims of VA employees are processed as compared with other public and private sector organizations.

Information Technology. VA's information technology programs will spend over $1.4 billion in fiscal year 2001. The Subcommittee will continue to review the role of VA's Chief Information Officer and VA's Capital Investment Board in the procurement and management of its IT programs. The Subcommittee will also review VA's progress in IT programs, including: developing a VA-wide data architecture, improving computer security, utilizing VHA's Decision Support System, processing claims with the VETSNET project, and developing the government computerized patient record.

Patient Safety. The VA health care system has established an adverse medical event incident reporting system in response to the Institute of Medicine's report last year on medical errors and continuing reports of serious lapses in the delivery of quality health care in the VA. The Subcommittee will continue to monitor and review VA's progress in identifying, reporting and correcting adverse medical events.

Capital Asset Realignment for Enhanced Services (CARES). The Subcommittee in conjunction with the Subcommittee on Health will continue to review VA's long-term strategy and current efforts to modernize the VA health care delivery system's vast infrastructure. The Subcommittees will examine opportunities for DOD and VA to participate in joint delivery of health care to the men and women who serve or have served in uniform and their family members. The Subcommittee will also examine the VA's plans for addressing the future use of many VA buildings that are functionally obsolete, but have historic significance.

Civilian Health and Medical Programs of the Department of Veterans Affairs (CHAMPVA). In fiscal year 2000, there were approximately 101,500 beneficiaries of the CHAMPVA program who generated over 1.6 million medical claims. Annual program expenditures were in excess of $13.4 million and claims totaling $122.9 million. In conjunction with the Subcommittee on Health, the Subcommittee will review of effectiveness and current requirements of this program.

Medical Care Collections Fund. In fiscal year 2000, VHA carried forward $1.3 billion in the Medical Care Collections Fund, two-year obligations and equipment funds. Yet individual facilities and several of its health care networks experienced funding shortfalls. The Subcommittee will review VHA's utilization of health care funding, including over multiple fiscal years.

VA Medical Research. Subcommittee hearings in the 106th Congress revealed violations of federally established procedures for the protection of human subjects in VA medical research. The Subcommittee will review how VA has corrected these violations, particularly regarding informed consent and Institutional Review Board procedures.

VA Nonprofit Medical Research Corporations. Funds not appropriated to the Department of Veterans Affairs may be received and administered by a nonprofit corporation at any VA medical center. The Subcommittee will review the accountability of funds expended by such corporations on approved VA research.

REPORT TO THE COMMITTEE ON THE BUDGET FROM THE COMMITTEE ON VETERANS' AFFAIRS, SUBMITTED PURSUANT TO SECTION 301 OF THE CONGRESSIONAL BUDGET ACT OF 1974, ON THE BUDGET PROPOSED FOR FISCAL YEAR 2002, MARCH 13, 2001

BACKGROUND AND COMMITTEE RECOMMENDATIONS

In a number of areas summarized below, the Members of the Committee are convinced more must be done and can be done in a responsible, accountable manner to reaffirm our Nation's commitment to veterans. The Committee strongly recommends the addition of funding needed to improve areas affecting the delivery of services, particularly to service-connected and low-income veterans.

DEPARTMENT OF VETERANS AFFAIRS

VETERANS HEALTH ADMINISTRATION

Medical Care

Inflation.—Health care inflation in the United States was reported to be 4.3 percent in 2000, and some experts predict higher rates this year. This is about 1 percent above the general inflation rate in the U.S. economy. Inflation poses significant challenges to the Department of Veterans Affairs. One reflection of this, for example, is that the increase in insurance and managed care premiums paid by enrollees of the Federal Employee Health Benefits Program averaged nearly 10 percent from 2000 to 2001. This "corporate" inflation alone represents almost $40 million in outlays. VA health care employees deserve a significant pay raise in 2002. The comparability rate increase for all federal employees is expected to be 3.5 percent. If so, VA's contribution to employees' pay raises would be about $425 million. Also, energy costs are expected to significantly inflate costs in energy-intensive industries and businesses this year. VA Medical Centers, employing 180,000 staff and caring for 3.9 million veterans in over 600 sites, are significant consumers of federally procured energy in gas, oil, electricity, steam, nuclear materials, etc. Unquestionably these costs will rise, but will not produce higher productivity or efficiency in VA's "business" of providing quality care to the Nation's veterans.

A simple inflation rate of 4.3 percent in VA health care would mean, conservatively, that about $900 million of any increase in funding VA health care from fiscal year 2000 would be consumed simply by the general erosion of purchasing power it will experience from a variety of external forces. The Committee believes that the budget approved by Congress must overcome inflationary pressures beyond the inflation rate itself, in order to assure that veterans' earned rights to VA health care will not be undermined by external factors over which the VA Secretary has virtually no control. Therefore, the Committee recommends for the VA health care account $1 billion over the fiscal year 2001 appropriated level for uncontrollable cost increases.

Millennium Act Implementation.—In 1999, Congress enacted the Veterans Millennium Health and Benefits Act (Public Law 106–117). This legislation authorized the Secretary of Veterans Affairs

to reimburse veterans costs of non-VA emergency care provided they are enrolled in the Veterans Health Administration and lack health insurance. When fully implemented, VA estimates this provision will cost between $400–$500 million annually. Since the law's effective date (May 2000), VA Headquarters has collected claims for reimbursement from its medical centers totaling $21 million. As more veterans learn they may be eligible for this new benefit, the Committee expects the number of claims to grow.

A number of additional provisions in the Millennium Act still require implementation. VA and the Administration are still developing and reviewing regulations that will clarify the broad guidance Headquarters has already provided to medical centers about implementation of the bill. Until regulations are completed, however, the Committee expects that full implementation will lag. Assuming that regulations become available early in fiscal year 2002, the Committee expects VA will begin a gradual implementation of its non-VA emergency care reimbursement program as well as other major provisions of the bill. The Committee recommends that an additional $68 million be provided for Millennium Act implementation in fiscal year 2002.

Mental Health Programs for Disabled Veterans.—Over the past five years, the Department has conducted a managed shift of resources and programs away from institutional mental health care. The Committee supported this reallocation (see House Committee Print No. 5, 106th Congress, First Session, March 16, 1999). However, it was understood at the time that sufficient resources would be preserved to provide an appropriate level of care for VA's chronically mentally ill patients. VA designed new community-based intensive case management programs. In fact, these plans only partially materialized while VA shifted critical resources away from mental health.

The VA Advisory Committee on Seriously Mentally Ill Veterans estimates the diversion of funds may be as much as $600 million. VA dramatically expanded its primary care clinics, referred to as "Community Based Outpatient Clinics" (CBOCs). While the Committee certainly supports the primary care clinics, VA also should at least partially restore lost support for these mentally ill veterans, an especially vulnerable group. The budget requested could not do this. To release these veterans to the community and then provide occasional clinic visits in a primary care setting is not optimal care for the severely mentally ill. The VA Program Evaluation Resource Center maintains a registry of veterans suffering with psychosis and bipolar disorder that contains 200,000 individuals. These veterans cannot be sustained medically without intensive attention, and because of the nature of their illnesses, most cannot speak for themselves. To this end, the Committee recommends a number of adjustments to redress their unmet needs in the following areas:

1. Mental health intensive case management teams

The Committee understands that VA presently operates about 50 intensive case management teams assigned to intensive aftercare of VA patients with serious and chronic mental illness. Some of these teams that already had a minimal staff-

ing complement have recently suffered reductions in staff. A fully functioning team's annual average direct cost (primarily in staffing) is approximately $400,000. If VA were to deploy 30 additional teams during the 2002 budget year and restore resources to those existing teams that have been reduced, these 80 fully functioning Mental Health Intensive Care Management teams could, for an estimated cost of $40 million, provide vulnerable veterans better follow-up care and improved coordination of community based services, including foster care, sponsorship, lifestyle and medication monitoring, employment and training options; and a higher quality of life.

2. Mental health in community primary care

The Department operates approximately 350 community based outpatient clinics, distributed nationwide. When VA made the decision to provide better access to community-based primary care, it did not sufficiently provide for mental health needs in these clinics. Approximately 40 percent of these facilities offer dedicated mental health services but the remaining 200 sites do not. The addition of qualified mental health staff to support effective professional services in these settings, given the depletion of mental health resources in VA medical centers, is a way to ensure that mental health care becomes more accessible and convenient. A clinic with an average workload may require a part-time mental health practitioner, a full-time social worker, and a part-time clerk. Adding a small cadre of mental health professionals in each of the approximately 200 locations, according to their need, would provide a more complete service in VA community-based clinics. A $40 million enhancement to mental health capacity would also give VA better options to treat/provide care to not only the de-institutionalized chronically mentally ill, but also veterans with acute mental health needs who may not otherwise receive adequate care.

3. Substance-use disorder programs

VA currently cares for 130,000 veterans with this troubling and life-long disorder. Over the past decade, VA shifted its drug treatment programs from residential care to ambulatory-based programs. VA has acknowledged in its report required by Public Law 104–262 on special program capacities that capacity in the substance-use disorder programs is declining. The Committee believes these programs should be restored, along with enhancements in VA's opioid-substitution programs using Methadone and newer substitutes. These activities are insufficiently available in VA facilities and, in some metropolitan areas, do not provide enough care to meet the veteran population's needs. The Committee believes that the reduction in resources combined with the inadequate availability of these clinics could be addressed with $40 million in additional funds.

4. Increased psycho-pharmaceutical costs

In the past 10 years, a number of new antidepressants, antipsychotics and other pharmacological treatments in mental health have emerged that cause inflationary spikes in VA's overall pharmaceutical budget. Currently, 17 percent of VA's

total pharmacy budget is spent on psychotropic drugs; nevertheless, the Serious Mental Illness Treatment, Research and Evaluation Center has reported widespread variability in the use of some of the most effective drug therapies, particularly atypical drugs such as Clozapine for the management of schizophrenia. The Committee believes that additional funding of $20 million should be dedicated to these agents to ensure that VA makes available to veterans the latest therapeutic agents.

5. Evaluation in mental health programs

The Department evaluates and monitors its mental health programs in three small analytic centers, the Northeast Program Evaluation Center, located at the VA Medical Center, West Haven, Connecticut, the Program Evaluation Resource Center at the Palo Alto VA Medical Center in Palo Alto, California, and the Serious Mental Illness Treatment Research and Evaluation Center at the VA Medical Center in Ann Arbor, Michigan. Each of these research-oriented activities has aided the Department, the VA Advisory Committee on Seriously Mentally Ill Veterans, mental health advocates and the Congress in assessing the effectiveness of VA's mental health, substance-use disorder and homelessness programs. The Committee recommends a small but crucial additional allowance of $1 million be provided to these centers for continuation of their vital work in evaluating and reporting on VA's mental health mission.

VA Long-Term Care and Diseases of Aging

Demand for Services.—The Veterans Millennium Health Care and Benefits Act of 1999 clarified and expanded VA's mission to maintain specialized capacity to care for aging veterans. The Committee in crafting the Millennium legislation challenged VA to reposition itself to meet the needs of the World War II veteran generation, now averaging 80 years of age. Many of these veterans suffer from a multiplicity of age-related problems and diseases. Of particular note and concern to the Committee are Alzheimer's Disease, other dementias and other brain disorders. About 600,000 veterans are estimated to be suffering from brain diseases, most of who live at home with family caregivers. Indeed the Department is attempting to address some of their specialized needs, but the Committee noted that the shift to primary care has had an erosive effect on VA's distinguished mental health programs. This decline also detracts from VA's ability to mount and sustain programs to deal with veterans' problems associated with advanced age. While VA reports it is operating some small-scale delivery models and pilot programs to meet these challenges in geriatric care, the Committee believes VA's efforts to date only begin to address the potential demand for services. Specific recommendations are as follows:

1. Dementia special care (inpatient) units

At the Bedford, Massachusetts VA Medical Center, VA operates a Geriatric Research, Education and Clinical Center (GRECC), one of 21 such centers of excellence in geriatrics. The Bedford Center has developed an innovative approach to

caring for veterans with Alzheimer's Disease and other dementias that should be exported to other VA medical centers. The Committee recommends $55 million for advancing the concept developed at the Bedford center to all VA networks to place VA health care in the forefront of treatment for persons with Alzheimer's Disease and other brain disorders. Also, placing one such unit in each of VA's 22 networks of care provides a more equitable distribution of public resources of a specialized program that all veterans should be afforded.

2. Dementia and end-of-life care in home-based and VA nursing home care

VA sponsors home-based primary care programs in about 75 sites. Also the Department operates 131 VA nursing home care units. The Committee believes many of these programs are unable to fully address needs for dementia or end-of-life care because of resource constraints. Whether under care at home or in VA's nursing homes, veterans with Alzheimer's Disease and other forms of dementia require specialized services. VA has identified an approach that adds a focused complement of these services to its HBPC/NHCU programs. The Committee supports VA's "rapid cycle improvement" in this area and encourages its implementation. An initial increment toward this goal can be attained with a modest funding increase for HBPC programs of $17 million ($3.5 million in HBPC; $13.5 million in NHCU).

3. Psycho-geriatric evaluation and treatment

Nine VA medical centers currently operate "Unified Psychogeriatric Biopsychosocial Evaluation and Treatment" or "UPBEAT" programs. These programs test the hypothesis that intensive psychosocial intervention in cases of hospitalized elderly veterans with depression, anxiety or substance-use disorders can reduce the number of days veterans require hospitalization. The model is proving successful, and VA is poised to expand the application with additional resources. Operational UPBEAT programs are cost effective and result in better care for veterans. Adding 15 additional sites in VA medical centers will give more veterans access to these programs at reasonable cost of $6 million.

4. Dementia caregiver respite program

The majority of veterans with Alzheimer's Disease and other dementias receive their care at home from family caregivers. Given their responsibility for providing around-the-clock care, these caregivers need periodic relief from their care duties. VA has a small, ongoing program of respite care. A substantial expansion is essential, but is not addressed in current agency plans. The Committee proposes an expansion of VA's caregiver training program accompanied by provision of a period of respite care to allow veterans' caregivers relief from their duties for 2–4 weeks each year. This expansion would allow VA to provide such care in 12 additional locations, at a total estimated cost of $10 million.

Unacceptable Waiting Times for Outpatient Care.—The extraordinary growth of demand for care is resulting in thousands of veterans being denied access to care in VA facilities. Once VA accepts veterans for enrollment, it must ensure that it has adequate resources to provide reasonable access to the full range of services that it has committed to offer enrolled veterans. VA has described access in terms of geographic proximity, reasonable patient costs, and the ability to meet a reasonable (community) timeliness standard. While VA has accomplished its goal for geographic access and veterans' copayments are reasonable, its progress in accomplishing, and even its ability to assess timeliness is problematic. (See Veterans Health Care: VA Needs Better Data on Extent and Causes of Waiting Times, May 20, 2000, GAO/HEHS–00–90.)

At the VA Chicago Medical Center, veterans wait up to 214 days to be seen in the gastroenterology clinic. This delay is attributed to higher demand from veterans suffering from hepatitis C. In New Jersey's Brick and Ft. Dix VA community-based clinics, veterans are required to wait to be seen by a VA practitioner from 6 to 11 months for an initial, non-urgent appointment. The Department created high expectations within the veteran population, many members of whom had never used VA health care before, as it expanded services away from VA medical centers to communities for improved access and convenience nearer veterans' homes. Veterans had a reasonable expectation to be able to use these services routinely once these clinics were fully functioning, as well as to begin, or continue, using VA medical centers when appropriate. As of today, however, their access to care in many cases is being rationed by strict resource limitations.

The Committee believes that Congress should take the lead and respond now to these veterans' needs. Therefore, the VA Committee recommends additional funds in the amount of $75 million be provided in the fiscal year 2002 budget to supplement VA's allocation of resources to both VA medical centers and their community-based outpatient clinics. The new funds will support the employment of 1,000–1,500 new Veterans Health Administration staff, to increase practitioner presence in VA's 350 community-based clinics and supplement ambulatory care staff in VA centers. The Committee believes this is a modest method to address a very challenging situation in VA health care.

Rising Pharmaceutical Costs.—The VA expects to expend about $2.7 billion this year on pharmaceuticals. VA's budget for prescription drugs has doubled over the past 5 years and, at the current rate of growth, will exceed $4 billion in only 3–4 more years. Higher VA drug costs at the present time are not due to inflation; pharmaceutical cost increases as an element in overall health care inflation are abating. VA's higher costs stem from utilization and the advent of new drugs. As of December 31, 2000, the Veterans Health Administration reports that 4.7 million veterans are enrolled in VA health care, and nearly 3.9 million are expected to be active consumers of VA health care services this year. If the higher enrollment is overlaid on the phenomenon of veterans' aging, about which so much has already been reported, along with new pharmaceutical therapies being made available, it becomes clear that VA's success in reaching more veterans to meet more of their health

care needs is going to produce extraordinary pressure on VA's pharmaceutical budget. The Committee is particularly concerned about veterans' access to the apparently uneven availability of drug treatment for Hepatitis C and psychotropic agents (see below). The Committee believes that, beyond funding VA adequately to cover its inflationary challenges so that VA will be able to meet the growing disease burden among the veterans treated in VA facilities, Congress should provide supplemental funding to assist VA providers in ensuring that adequate pharmaceutical resources are made available to support their professional prescribing. Therefore, the Committee recommends an additional $100 million above normal inflation for fiscal year 2002 to ensure that VA resources are sufficient to meet these pharmaceutical demands.

Specialized Programs–Restoration of Spinal Cord Injury Care

The Veterans Health Care Eligibility Reform Act of 1996 requires VA to maintain the capacity of specialized programs for certain disabled veterans, including those with spinal cord injury or dysfunction. VA has identified beds, full-time employees, dollars, and patients treated as measures that best depict VA's maintenance of capacity for this program. VA now acknowledges a 65 percent reduction in its specialized bed capacity for veterans with spinal cord injury or dysfunction. The Committee is very concerned about this unacceptable reduction in services for one of VA's most physically challenged patient populations.

To restore and enhance care in this area, VA developed a plan in concert with Paralyzed Veterans of America. VA's Under Secretary for Health issued a formal directive to establish a minimal level of staffing and staffed beds at each of 23 medical centers with a spinal cord injury center and also issued a memorandum to managers to identify the resources necessary to restore staff to a minimum level of capacity. VA agrees that there are more than 200 staff vacancies in its SCI program. Most of these vacant positions are nurses, but therapists, psychologists and physicians are also in short supply. While the plan fulfills needs for long-term care, the Committee's proposal only restores acute care capacity. Paralyzed Veterans of America estimates restoring only acute care capacity will require $23 million. The Committee supports $23 million to fund this restoration of capacity.

Homelessness among Veterans

The Committee remains dedicated to addressing homelessness in the veteran population. The Committee is encouraged by recent data showing that, since 1987, there seems to be a perceptible, if small, reduction in homelessness among veterans, estimated to be 8.5 percent. Nevertheless, according to VA's most recent estimates, about a quarter-million veterans are still homeless in this country at some point each year.

Over the past 15 years, the Committee has developed legislation that authorized, expanded and extended VA's programs addressing homelessness. Among these are in-house homeless domiciliary expansion, a grant and per diem program for community providers, and the so-called "Health Care for Homeless Vets" initiative. VA

also funds several smaller programs in mental health and coordinates with other Federal agencies (principally the Departments of Housing and Urban Development, and Labor) to address veterans' homelessness. The Committee recommends $30 million additional funding for these programs, including funds to increase the grant and per diem program and enhance existing and add new VA Domiciliary Care for Homeless Veterans programs during fiscal year 2002.

Medical and Prosthetics Research

The Department carries out an extensive array of research as a complement to its health-professions affiliations. While these programs are specifically targeted to the needs of veterans, VA research discoveries help define new medical standards of care that benefit all Americans. Among the major emphases of the program are research into aging, chronic diseases, mental illnesses, substance-use disorders, sensory losses, and trauma-related illnesses. VA's research programs are internationally recognized and have made important contributions in virtually every area of medicine and health for veterans and the general public. These contributions to medical knowledge have won VA scientists many prestigious awards, including six Lasker Awards and three Nobel Prizes in Medicine.

Advances by VA researchers in the past two years include findings from several major clinical trials of significant potential value and relevance. These include research in cancer, heart disease, anemia and kidney failure. Important new VA studies are underway now in post-traumatic stress disorder in women veterans; amyotrophic lateral sclerosis ("Lou Gehrig's Disease"), fatigue, muscle and joint pain, and memory and cognitive problems among Persian Gulf War veterans; and the development of a vaccine for shingles.

The Committee supports an increase in the research account of $30 million. We believe this additional funding is needed in VA's research programs to keep pace with external funding developments in the U.S. biomedical research field. We note the President's State of the Union address confirmed the national goal to double the research funding of the National Institutes of Health. Additional funding of $30 million in VA biomedical research in fiscal year 2002 would cover inflation and permit a small program expansion.

Medical Administration and Miscellaneous Operating Expenses

The Medical Administration account supports the employment of 535 Central Office staff and officials to oversee and manage the multiplicity of programs that deliver health care to America's veterans.

The Committee is concerned that the Medical Administration and Miscellaneous Operating Expenses (MAMOE) account may not provide a sufficient resource base to ensure high-quality patient care services while VA simultaneously continues to restructure its health care delivery system. In particular, the Committee has pressed VA to improve its methods of assuring accountability, be-

ginning with the Under Secretary for Health, and extending to the Administration's 22 network directors, who operate in a highly decentralized management environment. MAMOE requires additional staff and resources to properly carry out the responsibilities of supervising, managing, and accounting for the diverse and far-flung health care system.

A modest increase of $5 million in this MAMOE account would provide the VA Central Office a funded staff of 589 in fiscal year 2002 to better manage its essential health care programs.

Medical Facility Construction

Urgently Needed Projects.—VA is now undertaking an initiative to identify the most effective and efficient use of its infrastructure in care delivery to veterans. The VA uses the acronym "CARES" (for Capital Assets Realignment for Enhanced Services) to describe this initiative. The Committee held a number of hearings during the 106th Congress dealing with VA's capital assets. VA hospitals were primarily built or converted after World War II to rehabilitate and care for wounded, sick and traumatized soldiers, sailors, airmen and marines. The Committee agrees with the principle that VA should seek the most effective use of its facilities and modernize, or declare as excess, buildings based on the health care needs of veterans.

In the wake of its wars, the nation faced the daunting task of dealing with hundreds of thousands of wounded and maimed veterans. The care VA provided to the most seriously injured of these veterans often concluded years, rather than days or even months after a patient's initial admission. VA has now changed its approach to care from that of being an institutional provider of rehabilitation and restorative care to that of largely being a primary care provider often serving and older population. The capital infrastructure built for its previous approach does not easily lend itself to its new delivery model.

Even though VA's CARES process is ongoing, the Committee believes that VA's most pressing capital infrastructure needs must to be addressed. In recent years, VA has proposed few construction projects, and, awaiting the outcome of the CARES process, Congress appropriated little funding for this purpose the last four years.

Outside consultants and VA's own reports show a growing need and rising backlog of major and minor projects. For example, a 1998 Price Waterhouse report suggested VA, in proportion to the value of its $35 billion infrastructure, should be investing in the range of $700 million to $1.4 billion annually on replacement and modernization projects. A second consultant report disclosed dozens of VA patient care buildings at the highest level of risk for earthquake damage or even collapse. Indeed, a 6.8 tremor on February 28, 2001, damaged two of VA's patient care buildings at the American Lake VA Medical Center cited by this consultant. Another report revealed $57 million in needed projects to protect women's privacy in VA health facilities.

The Committee believes that, regardless of the course the CARES process identifies for VA's infrastructure, continuing main-

tenance on the system is essential to keep it viable and safe. To this end, on March 1, 2001, the Chairman and a number of other Committee Members introduced H.R. 811, the Veterans' Hospitals Emergency Repair Act, to authorize the Secretary to select small to medium-sized projects to maintain and improve VA facilities while CARES proceeds. The bill would authorize $250 million in capital projects in fiscal year 2002, subject to the Secretary's site selection based on specific criteria in the legislation. The Committee believes that these funds are critically needed and recommends $250 million be provided for this interim program for fiscal year 2002.

Major Construction Projects.—Since fiscal year 1996, under the authority of section 8104 of title 38, United States Code, Congress has authorized nearly $1 billion for 41 major medical facility projects. However, due to lack of specific appropriation, only 28 of these projects were completed. Authorizations for these projects for this year alone total over $100 million, but no appropriations were provided. The Committee believes that funding should be provided for Congressionally authorized major medical facility projects. Therefore the Committee recommends that $112 million be provided to fund at least some of these previously approved facilities.

Minor Construction Projects.—For many of the reasons we stated above with respect to the delegated-projects proposal the Chairman and colleagues recently introduced, the Committee believes that VA needs to increase its investment in the minor construction program. VA hospitals, nursing homes and other health care facilities are deteriorating, and not enough is being done about it. Therefore, the Committee recommends that the minor projects account—an activity that funds hundreds of very inexpensive yet critical maintenance and repair needs—be provided $200 million in fiscal year 2002 to address some of the large backlog presently awaiting funding.

State Home Grants Programs

The Department has not approved requests totaling $245 million for new construction and renovation grants for state veterans homes and other facilities. A new round of requests under this program will soon be solicited for fiscal year 2002. This program is the only one of three available types of institutional long-term care that is expanding to meet the needs of the aging veteran population. Moreover, states commit to pay 35 percent of the construction costs for these facilities and to bear most of the cost of care that exceeds amounts contributed by the VA (current daily VA reimbursements are $51 for nursing home care and $22 for domiciliary care for each veteran).

Congress revised the state home program in Public Law 106–117 to provide a higher priority for renovation needs in existing state homes. Until enactment of P.L. 106–117, these longstanding projects were given a lower priority for funding than grants for constructing new beds. Given the recent changes in law and the growing backlog of unfunded projects, the Committee proposes additional funding of $35 million to support a more adequate VA response to this ever-growing demand for long-term care facilities.

VETERANS BENEFITS ADMINISTRATION

General Operating Expenses

The General Operating Expenses account funds full-time employee equivalents (FTEE) and operating expenses for both the Veterans Benefits Administration (VBA) and VA's Central Office (headquarters). VBA administers a broad range of non-medical benefits to veterans, their dependents, and survivors through 58 regional offices. These programs include compensation and pension, education, vocational rehabilitation, insurance, and loan guaranty (home loans). VBA is also responsible for processing applications for these programs. Headquarters includes the Secretary's staff and other VA support staff, and is located in Washington, DC.

The Committee supports a funding increase of $49.8 million for 830 additional FTEE for compensation and pension claims adjudication. VBA has a backlog of more than 459,000 claims waiting to be processed. During the three-month period of November 24, 2000 to February 23, 2001, the backlog of pending claims increased by 130,294, from 329,278 to 459,572. This is an average weekly increase of more than 10,000 pending claims. Adverse effects of the increasing backlog are a decline in the quality of work, veteran satisfaction and employee morale. Approximately one-third of claims decisions have some type of error, most of which are administrative in nature. However, 4.2 percent of errors do involve grant/denial or rating issues. The percent of cases remanded from the Board of Veterans' Appeals has declined from 45 percent in 1997 to about 29 percent today, thus reducing the number of claims that must be reworked by the regional offices. However, there has been an increase from 16 percent to 26 percent in the number of claims denied by the regional offices that have been allowed by the Board. In fiscal year 2000, only 41 percent of the decisions appealed from regional offices were upheld by the Board of Veterans' Appeals.

The Committee commends the Department for numerous initiatives including:

- Pre-Discharge compensation examinations and ratings (including overseas);
- Case management;
- Decision Review Officer program;
- Establishment of nine Service Delivery Networks;
- Systematic Technical Accuracy Review program;
- Data integrity initiatives;
- Electronic claims filing including online benefit applications;
- Development of paperless claims folders known as "Highway One;"
- Reader-focused writing; and
- The "Balanced Scorecard."

Despite these numerous initiatives by VBA, it still takes 205 days to adjudicate an original compensation claim. It is important to understand the customer base in VA's $21 billion per year compensation and pension program. According to the 1996 report of the Veterans' Claims Adjudication Commission, if VA stopped receiving first-time disability claims in 1995 for a period of 20 years, and repeat claims activity remained consistent with current levels over

that time, in the year 2015 VA would still have 72 percent of the 1995 workload—without taking a single new claim. The majority of VA claims for disability compensation are on the lower end of the rating schedule. Claims rated below 30 percent generate a large number of the reopened claims and appeals. The VBA Annual Benefits Report for Fiscal Year 1998 notes that most disabilities are rated at 30 percent or less, including 94 percent of the 95,000 veterans added to VA compensation rolls in fiscal year 1998. The VBA Annual Benefits Report for Fiscal Year 1999 found that 57 percent of disability compensation payments are less than $200 monthly.

Another dimension of the current system as designed by Congress is the percentage of veterans who file for claims and are already receiving VA compensation. Such "reopened" claims outnumber original claims almost 3 to 1. The Congressional Veterans' Claims Adjudication Commission found that veterans already in receipt of compensation file 69 percent of reopened claims and 67 percent of appeals. Veterans may reopen a claim because a service-connected condition has worsened or they have obtained new and material evidence concerning a decision or evaluation on a previously adjudicated claim. A recent survey by the Veterans Benefits Administration found that the average age of a veteran filing an original claim is 34, the average life expectancy is 77, and the average number of claims expected in a lifetime is 17.9. The average age of veterans receiving service-connected compensation benefits is 59 with 26 percent of service-connected veterans between the ages of 50 and 59. The medical conditions most frequently service-connected involve orthopedic conditions and hearing loss, conditions which can be expected to worsen as veterans age. Thus, it should be anticipated that VBA would see an increase in veterans reopening their claims as their service-connected conditions worsen during the aging process.

Veterans rarely file for only one disability. With respect to new claims, in fiscal year 1999, the average number of disabilities filed per claim was 4.72. The average number of service-connected disabilities granted to Gulf War veterans is more than 80 percent greater than for World War II veterans. From 1979 to 1999, the number of disabilities for which VA pays service-connected benefits increased from 3.0 million to 5.7 million, while the number of veterans receiving service-connected compensation increased from 2.1 million to 2.3 million. Gulf War and peacetime veterans file for and receive compensation at a higher rate than Vietnam, Korea, and World War II veterans.

Benefit Program Operations

Compensation & Pension Service (C&P).—The ability of VA to furnish timely and quality benefits delivery is heavily dependent on a combination of proper staffing levels, effective implementation of computer modernization initiatives, training and retention incentives, and inter-departmental cooperation between various VA organizations and the military service branches. Over the decade of the 1990's, the number of trained personnel in the adjudication division declined by approximately 40 percent.

According to the President's Blueprint for New Beginnings, the budget fully implements new legislation that strengthens VA's "duty to assist" veterans in preparing their claims and a regulation that adds Type 2 diabetes to the list of presumptive conditions that are associated with exposure to herbicides. The President's budget asserts that it fully funds the VBA additional workload for this initiative and assumes that VBA will develop a vision for future benefits delivery that incorporates and harnesses paperless technology. Part of this effort to modernize will be for VBA to complete the consolidation of aging data centers into its state of the art facility in Austin, Texas.

However, with respect to anticipated workload under "duty to assist" requirements, the Committee understands that for the current fiscal year VA will need to rework about 98,000 claims previously denied under the *Morton* v. *West* decision, 12 Vet. App. 477 (1999), review the current inventory of 342,000 claims for compliance with duty to assist requirements and take corrective actions, and perform expanded development on 87,000 new claims. VBA expects to receive 105,000 new claims for service connection of Vietnam veterans who have been diagnosed with Type 2 diabetes. VA's average age of pending claims is expected to climb to 241 days by the beginning of fiscal year 2002 from VA's target of 119 days.

VA must have additional personnel to make up for past reductions in claims adjudicators, to meet increased workload demands, to provide essential training for current and new personnel, to ensure quality, and to achieve and maintain satisfactory timeless in claims processing. Approximately 40 percent of VBA's workforce is in training status.

If VA's claims' adjudication system does not have quality, it does not serve veterans. To improve quality, VA should devote more resources to training. To deliver training on a system-wide basis, VA will need to add 200 FTEE in fiscal year 2002. To meet the projected workload demands, VA should add 170 new adjudicators. To handle its appellate workload in regional offices, VA needs 200 additional Decision Review Officers, a concept recommended by the Veterans' Claims Adjudication Commission. Regional offices that have implemented the DRO program have seen a significant decline in the number of claims that are appealed to the Board of Veterans' Appeals.

VA also would benefit from staff to conduct quality reviews of the work of each of its claims adjudicators to assess performance, impose accountability, and remedy deficiencies on an individual level. Through its Systematic Individual Performance Assessment initiative, VA intends to review 100 decisions from each adjudicator per year. VA would need about 260 new employees in fiscal year 2002 to accomplish this task.

In summary, for the above initiatives, the Committee recommends a total of 830 FTEE at a cost of $49.8 million. Also, the Committee expects a continuing adverse affect in services in the absence of an urgently needed supplemental appropriation for fiscal year 2001 of about $26.6 million (347 FTEE) for compensation and pension claims processing. Absent funding of a supplemental appropriation for fiscal year 2001, the Committee anticipates that additional funding will be needed in fiscal year 2002.

Vocational Rehabilitation and Employment Program (VR&E).—The goal of the Vocational Rehabilitation and Employment program is employment of disabled veterans and eligible dependents. To accomplish that goal, VR&E is authorized to furnish all services and assistance necessary to enable service-connected disabled veterans to become employable, obtain and maintain suitable employment, or to achieve maximum independence in daily living. Additionally, VR&E is authorized to provide educational and vocational counseling services to eligible active-duty members, veterans and dependents.

VR&E was recently renamed to reflect a newfound emphasis on employment—the program's ultimate goal. The Committee has been pleased with recent VBA initiatives to promote better case management and lifecycle completion times and success rates. The Committee is also pleased thus far with VR&E's progress with implementing Employment Service Specialist positions into existing service delivery schemes. Further, the Committee commends the VR&E program for its strategic document "The Business Case Continues."

The Committee remains concerned, however, with VR&E's relying too heavily on private contractors to fulfill various phases of the VR&E program lifecycle. Further, participant dropout rates and the quality of post-program employment are still troubling to the Committee. Therefore, the Committee recommends a $2 million increase above the fiscal year 2001 funding level.

Educational Assistance Programs.—VA's Education Service administers the All-Volunteer Force Educational Assistance Program (Montgomery GI Bill, chapter 30), the Post-Vietnam era Veterans' Educational Assistance Program (chapter 32), the Vietnam era Veterans' Educational Assistance Program (chapter 34), the Survivors' and Dependents' Educational Assistance Program (chapter 35), and numerous other activities, including overseeing the role of State Approving Agencies and coordination with the Department of Defense on the Selected Reserve aspect of the Montgomery GI Bill. Public Law 106–398 and Public Law 106–419 expand opportunities for increased usage of the educational assistance programs administered by VA. Several provisions will provide significant workload challenges for VA.

First, the Floyd D. Spence National Defense Authorization Act for Fiscal Year 2001 (P.L. 106–398) gives members of the Armed Forces an opportunity to receive increased payment for off-duty education and training. In most cases, the service branches can pay up to 75 percent of the tuition or expenses for off-duty education. Under the new law, the military services can pay up to 100 percent of tuition and expenses charged by the school. If the service branch pays less than 100 percent, a servicemember eligible for the MGIB can elect to receive MGIB benefits for all or part of the remaining expenses. VA administers this program, though most of the costs are borne by the service branch. VA anticipates about 161,000 new claimants in this program in fiscal year 2001 and 214,000 additional claimants in fiscal year 2002. In fiscal year 2002, if the military services maintain a 75 percent Tuition Assistance reimbursement policy and all servicemembers seek payment of the balance

from VA, VA's workload could double, thus requiring 151 additional FTEE for 340,000 additional claims annually.

Second, the Veterans Benefits and Health Care Improvement Act for 2000 (Public Law 106–419) allows payments for licensing and certification tests under the chapter 30, 32, and 35 programs. These tests are needed to enter, maintain, or advance into employment in a civilian vocation or profession. The eligible veteran or family member receives reimbursement for the fee charged for the test, or $2,000, whichever is less. VA estimates 100,000 veterans will apply for such benefits in fiscal year 2002 and will need 65 additional FTEE for this purpose.

Third, Public Law 106–419 also creates an opportunity for some 139,000 active duty servicemembers who have zero dollars in their Post-Vietnam Era Veterans' Educational Assistance Program (VEAP) account or have dollars in their account and did not act on a previous opportunity to convert to the Montgomery GI Bill to do so. These servicemembers can become eligible for MGIB if they 1) make an irrevocable election to receive MGIB, 2) were VEAP participants on or before October 9, 1996, continuously served on active duty from October 9, 1996 through April 1, 2000, and 3) make a payment of $2,700. VA estimates 13,000 individuals will convert to MGIB in fiscal year 2002 requiring 8 FTEE.

Last, the Committee notes degradation in education claims processing due to the transfer of all education inquiries (about three million calls annually) from 58 regional offices to four regional processing offices without additional FTEE, and the transfer of about 50 FTEE in fiscal year 1999 and 45 FTEE in fiscal year 2000 to the Compensation and Pension Program. Not surprisingly, the four regional processing offices currently have a pending workload of about 90,000 education claims for which veteran-students are awaiting payment, far exceeding acceptable levels set by VBA. While the Committee appreciates the need to furnish more FTEE to the compensation program, the 95 FTEE transferred from education claims processing to Compensation and Pension processing represents a significant percentage of the approximately 800 FTEE used to process education claims. The Committee recommends 95 additional FTEE for education claims processing to fill this void.

In summary, the Committee recommends an additional 329 FTEE at a cost of $13.16 million for education claims processing. Further, the Committee notes a demonstrable adverse affect in services in the absence of an urgently needed supplemental appropriation for fiscal year 2001 of about $2.5 million (60 FTEE) for education claims processing.

State Cemetery Grants Program.—The State Cemetery Grants Program provides grants to assist the states in establishing, expanding, and improving state-owned veterans cemeteries. Increasing the availability of state veterans' cemeteries is one way to serve veterans who do not reside near a national cemetery. State cemeteries augment—but do not supplant in any way—VA's national cemetery program. VA has awarded 106 grants totaling more than $87 million to establish, expand, or improve 49 veterans cemeteries in 26 states plus Guam and Saipan. Forty-three cemeteries in 22 states and Guam are now operational. The Committee recommends

an increase from $25 million in fiscal year 2001 to $30 million in fiscal year 2002.

NATIONAL CEMETERY ADMINISTRATION

The National Cemetery Administration (NCA) provides national shrines honoring those who served in uniform and should be maintained as places of high honor, dignity and respect. Currently, NCA maintains more than 2.3 million gravesites in 119 national cemeteries in 39 states (including Puerto Rico), as well as 33 soldier's lots and monument sites. The Committee recommends a $25 million increase over fiscal year 2001 funding for the beautification, upkeep, maintenance and repair of the national cemetery system.

Since 1973, when NCA was established, annual interments in national cemeteries have more than doubled from 36,400 to more than 82,700. NCA provided more than 327,000 headstones and markers in fiscal year 2000 compared to 190,000 headstones and markers in 1973.

It is estimated that 574,000 veterans died in 2000, and veterans' deaths are expected to peak at 620,000 in 2008. To meet the increasing workload, section 611 of Public Law 106–117 directed the Secretary of Veterans Affairs to establish six additional national cemeteries in those areas the Secretary deems to be most in need.

In response to the growing demand for burials in national cemeteries, section 613 of Public Law 106–117 required the Secretary to conduct an independent study on improvements to veterans' cemeteries. The study will include an assessment of the one-time repairs required at each national cemetery under the jurisdiction of the NCA to ensure a dignified and respectful setting appropriate to such cemetery, and shall identify: 1) the number of national cemeteries necessary to ensure 90 percent of America's veterans reside within 75 miles of a national or State cemetery, 2) the number and percentage of veterans in each State who would reside within 75 miles of an open national or State cemetery, 3) an estimate of the expected construction costs and the future costs of staffing, equipping, and operating the projected national cemeteries in 1) and 2) above. In addition to projecting cemetery needs at 5-year intervals beginning in 2005 and ending in 2020, the report will take into account cemeteries which will close to new burials and the age distribution of local veterans' populations during the reporting periods.

BOARD OF VETERANS' APPEALS

In fiscal year 2000, the Board of Veterans' Appeals (BVA) issued 34,028 decisions. Of those, 91 percent (30,966) involved compensation for service-connected disability. These include not only claims for service connection, but also claims for increased ratings and earlier effective dates.

The average response time for fiscal year 2000 was 220 days, down dramatically from 595 days in fiscal year 1996. At the end of fiscal year 2000, there were 20,521 cases pending before the Board, down from a high of 60,120 at the end of fiscal year 1996. BVA requires adequate funding and staffing to continue these recent improvements. The Board continues to remand a large percentage of claims to the originating regional office and has seen an

increase in the number of claims allowed by the Board after denial at the regional office level, indicating a need for more staff and better training at the local office level.

INSPECTOR GENERAL

The Inspector General is charged with ensuring that VA programs are managed efficiently and effectively and are free of fraud, waste and abuse. OIG has implemented a Combined Assessment Program (CAP) that provides on-site reviews of VA health care facilities on a cyclical basis. The CAP program is a unique joint OIG effort involving its Audit, Healthcare, Inspections and Investigations sections. The fiscal year 2002 appropriation for the OIG will support an expected 28 CAP reviews. At this pace, six years would be required to conduct a CAP review of each VA health care facility-year. An interval of six years between comprehensive CAP reviews is not in the best interest of veterans and not acceptable.

Accordingly, the Committee supports an appropriation increase for the OIG sufficient to support an additional 55 FTEE in each of the next two fiscal years. These manageable incremental increases of 55 additional FTEE in 2002 and 2003 would expand the number of CAP reviews to 56 in 2002 (43 VHA and 13 VBA) and to 76 reviews annually beginning in 2003 (57 VHA and 19 VBA).

The Committee further notes Congress established a statutory staffing floor of 417 FTEE for OIG in P.L. 100–527. Section 312 of title 38, United States Code, requires the budget transmitted to Congress for each fiscal year to be sufficient to support this statutory floor. This requirement has not been met since 1993. Current OIG staffing supported by appropriations is 369 FTEE. An additional 24 FTEE are supported by reimbursements received for Department contract review activities.

Increased staffing for the Office of the Inspector General is a prudent use of resources. Over the past three years, the monetary benefits of OIG activities have reportedly exceeded $1.7 billion, providing an average return on investment of 15 to 1. More importantly, an adequately staffed OIG will save more veterans' lives, improve the quality of health care provided, foster better access to health care, increase VA security against fraud and theft, and result in improved overall management.

The Committee recommends an appropriation of $56.5 million for the Office of the Inspector General (OIG) for fiscal year 2002. The recommended fiscal year 2002 OIG appropriation represents an increase of $8.1 million compared to the fiscal year 2001 OIG appropriation.

DEPARTMENT OF LABOR

VETERANS' EMPLOYMENT AND TRAINING SERVICE

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

to the formulation and implementation of all departmental policies and procedures that affect veterans.

The Committee is aware of the significant changes in the national labor exchange system that are *not* a part of the delivery system for veterans' employment and training services as reflected in chapter 41 of title 38, United States Code.

First, the states are changing the way they deliver employment services and adopting new service delivery models ranging from devolving state programs to the county level to privatizing some or all employment functions and instituting one-stop employment centers under the Workforce Investment Act of 1998.

Second, the current version of chapter 41 predates requirements of the Government Performance and Results Act focusing on outcomes.

Third, there is insufficient reward for states that help veterans get jobs in an exemplary manner.

The Committee remains concerned about accountability and incentives for performance in the current delivery system as designed by Congress in chapter 41. Dedicated Local Veterans Employment Representatives and Disabled Veterans Outreach Program specialists are engaging and resourceful individuals. The Committee expects to consider legislation to position them to deliver services effectively in the 21st century.

PROPOSED LEGISLATION

The President's budget submission contains a number of mandatory proposals to reduce spending in various programs through Omnibus Budget Reconciliation Act extenders. The Committee does not plan to consider these proposals.

LEGISLATION THE COMMITTEE MAY REPORT WITH DIRECT SPENDING IMPLICATIONS

Montgomery GI Bill.—The Committee recommends a three-step approach, all of which ties in with revitalizing our military. The first step was an improvement in the Montgomery GI Bill-Active Duty basic benefit from $552 to $650 per month with the enactment of Public Law 106–419 last November 1, 2000. The second or interim step will be an increase in the basic MGIB benefit in consecutive fiscal years to $800 per month on October 1, 2001, to $950 per month on October 1, 2002, to $1,100 per month on October 1, 2003, incurring a cost of about $300 million the first year and $3 billion over five years. The third and ultimate step would implement the Servicemembers and Veterans Transition Assistance Commission recommendation for an MGIB that pays tuition, fees, and a monthly subsistence allowance, thus allowing veterans to pursue enrollment in any educational institution in America limited only by their aspirations, abilities and initiative. Against the current baseline, this measure would cost about $1.3 billion in year one, and $2.6 billion over five years. The third step could be enacted in the 107th Congress if the Administration were to propose it.

The Committee cites recent data from Trends in College Pricing furnished by the College Board, and concludes that the monthly

basic MGIB benefit would need to be $1,025 per month for a veteran student to be able to pay the average tuition and expenses as a commuter student at a four-year public college for academic year 1999–2000. Over four years, the numbers are even more alarming, as reported by the College Board. The College Board's most recent statistics reflect average annual tuition and fees for attending a four-year public college is $9,229 for commuter students and $11,338 for students who live on campus. Four-year private institutions cost $21,704 and $24,946 respectively. With the current basic MGIB benefit of $5,850, however, a veteran is expected to pay for tuition, fees, and room and board over the academic year. The disparity between these ever-increasing costs and a veteran's ability to pay for them seems clear.

The MGIB now provides $650 monthly stipends over four years; the total benefit payable is $23,300. The Committee also notes the April 21, 1999, testimony of Vice Admiral P.A. Tracey, then-Deputy Assistant Secretary of Defense, Military Personnel Policy: "Since its inception, the value of the MGIB, when adjusted for inflation, has grown by only 24 percent, while college costs have risen by 49 percent."

Veterans Opportunities Act of 2001.—The Committee recommends about $60 million per year for improvements to programs of educational assistance, outreach to separating servicemembers, veterans and dependents, to increase burial benefits, to provide for family coverage under Servicemembers' Group Life Insurance, and for other purposes.

Pilot Project for Interim Assistance to Homeless Veterans.—Currently, processing of claims for compensation and pension programs takes months. The Committee notes that Representative Lane Evans plans to introduce legislation authorizing a three-year pilot program to provide three months of transitional assistance to 600 homeless veterans who are being released from institutions. The assistance may be extended for an additional six months if the veteran is awaiting a regional office decision on a claim for compensation or pension benefits. Since any transitional assistance paid would be offset from a retroactive award of compensation or pension benefits, Mr. Evans advises the Committee that the cost of this pilot program would be approximately $2 million over three years.

Homeless Veterans' Reintegration Programs (HVRP).—In section 901 of Public Law 106–117, the Committee authorized appropriations to the Department of Labor to carry out Homeless Veterans' Reintegration Projects at $10 million in fiscal year 2000, $15 million in fiscal year 2001, $20 million in fiscal year 2002, and $20 million in fiscal year 2003. The Committee notes that Representative Evans plans to introduce legislation extending HVRP and authorizing expenditures of $50 million a year in fiscal years 2002 through 2006.

Comparison of President's Proposed Budget, Independent Budget and VA Committee Recommendations for the Department of Veterans Affairs

(Budget Authority in millions)

	FY 2000 Enacted	FY 2001 Enacted	FY 2002 Admin. Request	Admin. Request +/− 2001	Indep. Budget (IB)	IB +/− FY 2001	VA Committee Recom.	VA Committee +/− 2001
Medical Care (including receipts)	$19,534	$20,890	.....	.....	[1] $22,869	+$1,979	[2] $22,415	+$1,525
Research	321	351	.....	.....	395	+44	381	+30
Construction	225	237	.....	.....	811	+583	562	+325
State Nursing Home and Cemetery Grants	115	125	.....	.....	130	+5	155	+30
Veterans Benefits Administration	858	985	.....	.....	1,071	+86	1,115	+130
National Cemetery Administration	97	110	.....	.....	119	+9	135	+25
Other Discretionary	317	336	.....	.....	467	+98	371	+35
Total VA Discretionary Including $608 million in MCCF Receipts [1]	21,467	23,033	24,033	+1,000	[1] 25,832	+2,799	25,134	+2,101
VA Mandatory Spending	23,397	24,586	28,100	+3,514	...	...	28,400	+3,814

[1] The Independent Budget (IB) advocates that all funding for medical care be provided through appropriations. Therefore the IB Medical Care and Total VA Discretionary amounts *do not* include MCCF receipts.

[2] The VA Committee Recommendation assumes that the one-time change to the law regarding "Millennium Bill" receipts contained in the VA's appropriation bill (P.L. 106–377) will not be extended past fiscal year 2001. Thus, individual facility budgets will be augmented to the extent VA actually implements this collection authority.

REPORT TO THE COMMITTEE ON THE BUDGET FROM THE COMMITTEE ON VETERANS' AFFAIRS, SUBMITTED PURSUANT TO SECTION 301 OF THE CONGRESSIONAL BUDGET ACT OF 1974, ON THE BUDGET PROPOSED FOR FISCAL YEAR 2003

BACKGROUND AND COMMITTEE RECOMMENDATIONS

The Committee on Veterans' Affairs has carefully analyzed the Department of Veterans Affairs Fiscal Year 2003 Budget Submission.[1] *The Members of the Committee believe that substantially increased funding for veterans' healthcare will be necessary in order to fulfill Congressional mandates. New challenges and new veterans lead to the inescapable conclusion that we must provide the funding needed now by veterans who are filling VA's outpatient clinics in unprecedented numbers.*

DEPARTMENT OF VETERANS AFFAIRS

VETERANS HEALTH ADMINISTRATION (VHA)

Rising Demand for VA Healthcare.—The Department of Veterans Affairs (VA) operates the largest and most extensive system of healthcare services in the United States. Since 1996, it has reformed its delivery system, emphasizing primary and managed care, and expanded points of service. It has also launched a formal enrollment system for veterans who seek VA care, and attracted over six million veterans to enroll in the VA healthcare system. The VA system has the world's most advanced patient safety program and provides a superior quality of care.

Nevertheless, VA healthcare struggles today, because appropriated funding is not keeping pace with growth in enrollment and the increased demands for service. Further, much of VA's physical infrastructure is old, crumbling and in immediate need of hundreds of millions of dollars in repairs, restorations and upgrades. In 2001, serious damage to several buildings demonstrated VA's seismic vulnerability at its American Lake facility in the State of Washington. So far, repairs at that facility have been completed only on a patchwork basis. VA has dozens of other buildings in earthquake zones at serious risk of seismic catastrophe.

Many veterans enrolled in the VA healthcare system report difficulties in obtaining timely appointments for care and services. Some clinics, such as one in Rockford, Illinois, report waiting times in excess of one year for routine appointments. In discussions with VHA officials, Committee staff has been informed that funds are short in every network and every region, and that any gains made in the reallocation of resources to balance funding across the nation have been overwhelmed by new demands.

The Secretary of Veterans Affairs, Honorable Anthony J. Principi, on February 13, 2002, presented the VA's budget request for fiscal year 2003 to the Committee on Veterans' Affairs. In his testimony, the Secretary observed: "Perhaps we're the victim of our own success in many ways, but the VA has seen extraordinary

[1] 2003 Administration Request is calculated without proposed accrual funding for federal retiree costs.

growth in our workload since open enrollment came about in the mid-1990s; 30 percent overall growth in workload in the number of veterans who are coming to us for care, that's grown from 2.4 million to 3.4 million; and in addition in Category 7, so [it's a] 500 percent increase since 1996."

"Demand Initiative".—The budget proposal the Secretary presented includes a "Demand Initiative" request of $1.8 billion in funding for new veterans expected to seek VA healthcare in fiscal year 2003. The Department's budget proposal also states an intention to implement management improvements that would achieve $317 million in savings for fiscal year 2003.

The Committee agrees with the Department that healthcare demands from newly enrolled veterans should be accounted for and funded in the budget, and the Committee commends the Secretary for this forthright approach. However, the Committee is skeptical of the VA's ability to quickly implement and annualize management improvements. Therefore, the Committee accepts the premise that $217 million in savings can be achieved in fiscal year 2003.

Legislative Proposal for $1,500 Deductible.—In 1996, Congress reformed veterans' healthcare eligibility with Public Law 104–262, mandating VA care for service-connected and low-income veterans, and permitting care for nonservice-connected, higher income veterans on a resource available basis. VA established a seven-tier healthcare priority system for veterans. VA's treatment focus shifted to primary care, and VA began a rapid expansion of access points. Today VA has over 800 community clinics that provide primary care and serve as the referral system for its 172 medical centers.

The budget request for fiscal year 2003 includes a proposal that Congress impose an annual healthcare deductible of $1,500 for Priority 7 veterans. This group consists of nonservice-connected and noncompensable zero percent service-connected veterans who are enrolled in VA healthcare. Priority 7 veterans have incomes above VA's means test threshold ($24,304 for a single veteran and $29,168 for a veteran with one dependent), and must make copayments set by the Secretary as a condition of eligibility.

The budget request reports rapid growth in Priority 7 enrollment, with nearly 1.9 million veterans enrolled now, about 33 percent of total enrollees. It projects enrollment by Priority 7 veterans will increase to 42 percent of all VA enrollees by 2010. For fiscal year 2003, VA's budget projects that it would need an additional $1.1 billion above the budget request level to meet projected demand for healthcare by Priority 7 veterans. According to VA, the proposed deductible of $1,500 would produce $260 million in additional revenue for fiscal year 2003, reduce projected enrollment by 121,000 veterans, discourage utilization by hundreds of thousands of additional veterans, and thus save VA $885 million. The estimated total savings to VA would be $1.1 billion.

In his testimony before the Committee on February 13, 2002, the Secretary stated that each Priority 7 veteran's healthcare is expected to cost approximately $1,800 annually, but VA chose $1,500 as the deductible amount proposed, without further explanation. The proposal is inconsistent with a new policy the President approved in Public Law 107–135 on January 23, 2002, to lower by 80

percent VA's existing deductible for inpatient hospitalization for certain veterans. Thus, if Congress approves VA's proposal to impose a new $1,500 deductible, it would reverse a course set in law only a short time ago. It would also reverse a policy adopted by the VA in December of 2001 to reduce the required copayment for routine outpatient visits.

In making this proposal, the Department does not appear to have considered the effect on its existing collections system. VA depends on collections from veterans and their private insurers for a significant and growing portion of its revenues to support care. Under current law, VA charges copayments for inpatient, outpatient, nursing home and other extended care, as well as for prescription drugs for all Priority 7 veterans. The copayment requirement for prescription drugs also applies to those veterans whose incomes exceed the current VA nonservice-connected pension rate, approximately $9,000 per year under current law. In Public Law 106–117, Congress authorized the Secretary to review the copayments policy and implement a more rational system. VA recently changed a number of these policies.

Even if Congress were to quickly enact and the President were to sign this proposed legislation, it is doubtful that VA could administratively implement the deductible policy until late in fiscal year 2003, if at all. VA would need at least several months to issue implementing regulations, including opportunity for public comment. VA would also need to establish a method to account for each veteran's deduction status in an annual accounting cycle. The deductible amount would be directly chargeable to a veteran only if the veteran were uninsured. Collections from insurers are complicated and often significantly delayed from the time VA sends bills. Further, VA collects only a small fraction of billed charges in its existing Medical Care Collection Fund programs. Implementing a new individual deductible would only add to the administrative difficulties. The Committee believes the new deductible would have at best a small effect on funds or workload in fiscal year 2003. The Committee recommends Congress reject this proposal and instead enhance VA's budget request with the additional appropriated funding needed to sustain VA Priority 7 workload during fiscal year 2003.

Inflation.—Medical inflation for 2001 in the United States was reported to be 4.6 percent overall. In the coming year, inflationary increases will occur for the Department in health insurance and managed care premiums for its more than 200,000 employees, transportation and energy costs, maintenance on thousands of buildings, and particularly in higher cost for prescription drugs for nearly six million enrolled veterans.

Prescription drug cost inflation in this country is of special concern, because it has risen from 3.6 percent in 2000 to 6.2 percent in 2001, according to the commercial publication, "Health Inflation News," December 31, 2001. The Bureau of Labor Statistics estimates 2001 inflation of pharmaceuticals and medical supplies at 5.99 percent. The proposed budget predicts VA pharmaceutical cost increases of 8.58 percent above the Administration's projected medical inflation rate of 3.9 percent. Inflation in U.S. hospital inpatient care rose from 5.6 percent in 2000 to a current 6.9 percent. The ter-

rorist attacks of September 11, 2001 will also contribute to health inflation due to unplanned increased utilization of both public and private healthcare resources. The Committee supports VA's request in the budget for $396 million to address healthcare inflation in fiscal year 2003.

Implementation of New Veterans Healthcare Authorities.—The full cost of implementing new laws was not taken into account in the Department's budget submission. The Homeless Veterans Comprehensive Assistance Act of 2001, Public Law 107–95, requires VA to significantly expand programs and services for homeless veterans in conformance with the legislation's stated goal of ending chronic homelessness in the veteran population within 10 years. VA included in its budget request only $8 million for additional programs for homeless veterans. The Department of Veterans Affairs Health Care Programs Enhancement Act of 2001, Public Law 107–135, expands existing health programs, creates new ones, and enhances accountability of VA in maintaining certain VA healthcare services to disabled veterans. In total, the Committee believes that these legislative measures will require $100 million in implementation costs for fiscal year 2003.

Over the past year, the Committee has observed long-term care bed reductions in VA facilities. VA's position is that it cannot afford to maintain the beds required by law, and VA has even suggested Congress change the law to permit VA to "credit" its capacity maintenance requirement with beds in the state home system and in the private sector. The Committee rejects such an approach, and insists that VA observe the requirement to maintain a share of the responsibility to care for old and ill veterans in its own beds, rather than sending these patients outside the VA. To partially restore some of the capacity that VA has reduced in the past several years since Congress imposed these capacity restrictions, the Committee recommends an additional $51 million for fiscal year 2003. This is in addition to the $121 million requested by VA as part of its healthcare demand initiative.

Emergency Preparedness.—A number of initiatives have been launched in Federal agencies to deal with both the immediate and longer term needs of addressing terrorist threats to the Nation's security and safety. The Department of Veterans Affairs should play a role in this effort because it operates the only nationwide civilian healthcare system. The funding requested in the 2003 budget for this function, $55 million, would be insufficient for this very complicated and expensive task. Therefore, the Committee recommends an increase of $200 million in this account for a total allotment of $255 million for fiscal year 2003.

Major Medical Facility Construction.—Last year the House passed H.R. 811, the Veterans Hospital Emergency Repair Act, and the House Committee on Appropriations provided $300 million for its implementation in fiscal year 2002. However, the Senate did not act on the bill and the House-Senate conference on VA appropriations did not include the proposed funding. A number of urgent infrastructure projects remain without funding in the Department. In its budget request, the Department proposes only $94 million for major medical facility construction to fund four VA seismic projects

in the San Francisco and Los Angeles areas of California. Each of these projects has been proposed before as top VA priorities, and has been authorized previously by Congress.

The Committee's views on VA healthcare infrastructure needs have not changed since last year. Immediate needs must be met. Congress should commit funding and provide authority to enable the Secretary of Veterans Affairs to complete at least half of the top twenty infrastructure projects identified by the Secretary in the annual report required by law. Funding these projects is essential to helping VA maintain a safe and decent healthcare system for veterans. The Committee recommends VA's request be supplemented with an additional $191 million for major medical facility construction funding, including funding for the San Diego, California, seismic corrections project, a total of $285 million for fiscal year 2003. The Committee also recommends VA be provided with $250 million in fiscal year 2003 for minor construction.

Medical and Prosthetic Research.—After discounting amounts included for accrual of retiree costs, the Department's budget proposes $394 million for VA's medical and prosthetic research activity in fiscal year 2003. The Committee fully supports this request.

VETERANS BENEFITS ADMINISTRATION

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

From October 1, 2001 through March 1, 2002, the pending backlog of claims for benefits has increased each week by an average of 3,025 claims, in large part due to VA having to apply new duty-to-assist standards and review almost 350,000 claims. In light of the increased workload and recent legislative changes, including a repeal of the 30-year time limitation for respiratory cancers and the addition of Type 2 diabetes to the presumptive list for Vietnam veterans, the Committee supports the Administration's funding increase for 106 additional FTEE for development of Virtual VA (a paperless claims prototype), additional quality reviews of claims adjudication decisions, and redesign of the compensation and pension medical evaluation system.

VA has reported a significant improvement in the quality of its claims decisions in the last few years. According to VA's *Departmental Performance Plan*, overall rating accuracy (including procedural and substantive errors) in fiscal year 2001 was 78 percent, a considerable improvement from the 59 percent accuracy rate reported in fiscal year 2000. According to the Secretary in testimony before the Committee on February 13, 2002, the accuracy rating today is 88 percent. Nationally, accuracy for authorization work reportedly improved from 51 percent in fiscal year 2000 to 62 percent in fiscal year 2001. In addition, the reported accuracy for fiduciary

work improved from 60 percent in fiscal year 2000 to 68 percent in 2001. For fiscal year 2002, VBA has revised its rating accuracy criteria; only "clear and unmistakable errors" and errors which are expected to result in a remand on appeal will be counted in determining the accuracy rate.

VBA's 57 regional offices process about 24 million pieces of mail and answer about nine million phone calls annually in administering the veterans' benefits system. The average VA rating specialist will make about three-quarters of a billion dollars in ratings decisions through the awards he or she authorizes over a 20-year period. The Committee supports the Administration's request which provides an additional 106 FTEE to provide increased quality review of the larger compensation and pension workload associated with recently enacted legislation and regulations and to support several VBA initiatives to improve claims processing.

The Committee recommends that the General Operating Expenses account be increased by an additional $5 million for fiscal year 2003 to provide 78 additional FTEE as human resource staff for regional offices. Regional offices currently lack adequate on-site experienced human resource personnel to provide assistance and advice to management on personnel-related issues. These include employee relations, equal opportunity complaints, accommodation for workers with disabilities, personnel actions, labor-management issues, local community relations, retirement planning, and other human resource activities involving face-to-face interactions. With employee retirements expected to increase and regional offices consequently employing a large percentage of trainees, the need for additional local human resource personnel has become apparent.

This additional funding will provide one GS–12 Personnel Management Specialist, one GS–11 Personnel Management Specialist and one GS–5 or 6 Clerical support staff for each of the 20 largest regional offices. The remaining personnel (six GS–12, five GS–11, personnel specialists and five GS–5 clerical) would be available to VBA for allocation to regional offices where additional staff is warranted due to the size of the office, special personnel problems exist, or for other compelling reasons. With this addition of human resources staff to regional offices, regional office management will be able to devote more time to analyzing and managing claims processing activities, providing appropriate counseling to employees in training status and those transitioning to retirement, improving labor management relations and improving community relations. These human resources staff positions are intended to supplement and not replace personnel who are currently performing human resource liaison activities at regional offices.

Compensation and Pension Service (C&P).—The ability of VA to achieve timely and quality benefits delivery is heavily dependent on a combination of an adequate number of properly trained staff, effective business process reengineering and computer modernization initiatives, training and retention incentives, inter-departmental cooperation between VA and both the Department of Defense and the National Personnel Records Center, and assistance from veterans service organizations.

In 1993, when Congress was contemplating legislation that created the Veterans' Claims Adjudication Commission, the pending

claims workload was 570,000; when the VA Claims Processing Task Force issued its report in October 2001, the pending claims workload was 533,000. As of March 1, 2002, VBA had 599,121 claims pending at VA regional offices. The increase is due in large part to VA complying with new duty-to-assist standards for 244,000 pending claims, as well as the readjudication of 98,000 claims that had been previously denied under former duty-to-assist standards established by the U.S. Court of Appeals for Veterans Claims. VA also received a much larger than expected influx of claims for diabetes related to service in Vietnam. Additional statutory and regulatory presumptions for service connection of disabilities of atomic veterans and Vietnam veterans are expected to increase the pending caseload further.

During fiscal year 2001, rating decisions required an average of 181 days to process, up from 173 days during fiscal year 2000. The Secretary of Veterans Affairs has publicly announced a goal of 100 days to process rating-related claims by the summer of 2003. The Committee applauds the Administration for putting a high priority on improving timeliness, but is concerned that in an effort to improve timeliness so dramatically in the stated timeframe, training and supervision of new employees and the quality of VA claims processing may be adversely affected. Some VA regional offices indicate that training staff, decision review officers, supervisory and management employees have been devoting significant amounts of time to claims adjudication activities.

Through the first five months of fiscal year 2002, VA reports completing 294,000 rating-related actions and has an expected completion rate of 800,000 claims for the fiscal year. This would represent a substantial increase compared to the 482,000 rating-related claims processed in 2001. Although "output" has increased, the backlog has continued to grow. In light of increases in production, the Committee is puzzled by the continued growth in the backlog. The Committee supports initiatives aimed at improving the processing of veterans' and dependents' claims and the continued emphasis on claims accuracy. However, the Committee encourages the Department to strive for a proper balance in the direct labor hours devoted to new employee training and supervision and to appellate matters as well.

According to the VBA Annual Benefits Report for Fiscal Year 2000, among the disabilities most frequently service-connected for veterans who began receiving compensation in fiscal year 2000 are those involving musculoskeletal conditions (42 percent) and impairment of auditory acuity (10.8 percent). VBA should anticipate that as the veteran population ages, these types of service-connected conditions will worsen and veterans will reopen their claims. At the beginning of fiscal year 2001, the 50 to 59-year old age group had the most veterans receiving service-connected compensation and also received the highest average dollar amount of compensation.

During fiscal year 2000, 83,159 veterans began receiving disability benefits, 46 percent of whom received a combined disability evaluation of 30 percent or higher. The Committee notes 81.8 percent of approximately 265,000 disabilities among the 83,000 veterans who began receiving compensation during fiscal year 2000 were zero or ten percent disabilities. Gulf War veterans have an

average of 3.26 disabilities per veteran, while World War II veterans have an average of 1.82 disabilities per veteran.

For the combined degrees of disability at the beginning of fiscal year 2001, distribution of all service-connected disability ratings was:

- 7.4 percent of veterans (170,307) rated at 100 percent;
- 5.1 percent of veterans (118,638) rated at 50 percent;
- 13.4 percent of veterans (308,893) rated at 30 percent;
- 36.3 percent of veterans (838,886) rated at 10 percent.

VA adjudicators work with over 1,000 pages of regulations, 700 different disability codes and 113 presumptive conditions. They must also comply with hundreds of precedential decisions of the U.S. Court of Appeals for Veterans Claims as well as decisions by the U.S. Court of Appeals for the Federal Circuit and opinions of VA's General Counsel. It takes three years to train a rating veterans' service representative. During the 1990's, the number of fully trained personnel in the adjudication division declined by approximately 40 percent.

Although additional staffing was authorized during the past two fiscal years, many regional offices currently have between 25 percent and 66 percent of their employees in training status. One-third of the VBA staff is expected to retire within the next five years. However, if veterans service organizations and state and county veterans affairs departments would fully develop ready-to-rate claims, the effect would be about the same as adding 3,000 additional staff to help develop claims. According to testimony by the former Under Secretary for Benefits, Joseph Thompson, before the Subcommittee on Benefits, this could result in speedier decisions and greater acceptance of the VA's initial decision.

The Committee commends the creation of the VA Claims Processing Task Force and the Departments' rapid implementation of several Task Force recommendations with respect to workload and productivity, accountability, organizational structure, and information technology. Among the noteworthy initiatives are:

- Creation of a "Tiger Team" at the Cleveland Regional Office responsible for resolving about 81,000 of the oldest claims for disability compensation and wartime pensions of veterans aged 70 and older;
- Consolidating all existing pension maintenance program operations at three pension maintenance centers;
- Creation of six specialized teams to manage the claims process, with pilot operations at four sites;
- Organizational realignment of Board of Veterans' Appeals processing;
- Extension of the timeframe for routine follow-up compensation and pension exams;
- A plan for reorganization of compensation and pension regulations, as well as the operational manual; and
- A centralized training model for an integrated program of compensation and pension technical training.

As of January 2002, of the 34 Task Force recommendations, comprising 66 action items, VA has completed six action items, 16 ac-

tion items are to be completed within six months, and 29 action items are to be completed within six to 12 months.

VA continues to make improvements to its disability and education claims processing programs, as well as expand outreach to servicemembers, veterans, and eligible dependents. Improving the timeliness and quality of the claims process is appropriately a top priority. The Committee supports funding of $1.271 billion for General Operating Expenses, including the additional 106 FTEE recommended by the Administration's budget and an additional 78 FTEE for human resources activities at the 20 largest regional offices.

Vocational Rehabilitation and Employment Program (VR&E).—The goal of the Vocational Rehabilitation and Employment program is the employment of disabled veterans and eligible dependents. To accomplish that goal, VR&E is authorized to furnish all services and assistance necessary to enable service-connected disabled veterans to become employable, obtain and maintain suitable employment, or to achieve maximum independence in daily living. Additionally, VR&E is authorized to provide educational and vocational counseling services to eligible active-duty members, veterans and dependents.

In 2000, VR&E assumed its current name to reflect an emphasis on employment as the program's ultimate goal. The Committee has been pleased with recent VBA initiatives to promote better case management, lifecycle completion times and success rates. The Committee also notes VR&E's continued progress in implementing Employment Service Specialist positions into existing service delivery schemes.

The VA reports improved job placement rates in its VR&E program. In fiscal year 2001, 53 percent of rehabilitated disabled veterans acquired suitable employment. During the first five months of fiscal year 2002, 67 percent did so. The Committee supports the Administration's request of 1,205 FTEE in the Vocational Rehabilitation and Employment program, an increase of 27 FTEE over fiscal year 2002.

Educational Assistance Programs.—VA's Education Service administers the All-Volunteer Force Educational Assistance Program (Montgomery GI Bill, chapter 30 of title 38, United States Code), the Post-Vietnam-era Veterans' Educational Assistance Program (chapter 32), the Vietnam-era Veterans' Educational Assistance Program (chapter 34), the Survivors' and Dependents' Educational Assistance Program (chapter 35), and numerous other activities, including overseeing the role of State Approving Agencies and coordination with the Department of Defense on the Selected Reserve program of the Montgomery GI Bill (MGIB).

The Veterans Education and Benefits Expansion Act of 2001, Public Law 107–103, increased the basic benefit under the MGIB program for an obligated period of active duty of three years or more from $672 to $800 effective January 1, 2002, $900 effective October 1, 2002, and $985 effective October 1, 2003. The Act also included improvements to Survivors' and Dependents' Education Benefits, Internet-based education, high technology education and courses offered through the private sector, certain Vietnam-era veterans' education benefits, and other areas. The improved benefit

levels will likely contribute to continuing workload challenges for VA. For fiscal year 2003, VA estimates 325,815 veterans and servicemembers will participate in the MGIB chapter 30 program alone.

The Committee notes that about six weeks prior to the 2001 fall semester, VA had a pending workload of about 90,000 education claims at VA's four regional processing offices. VA addressed the fall education workload by hiring additional staff, authorizing overtime, and streamlining certain claims processing measures. Nevertheless, the average time to process an original education claim increased from 36 days in fiscal year 2000 to 50 days in fiscal year 2001. Further, the "blocked call" rate increased from 39 percent in 2000 to 45 percent in 2001, an unacceptable level when compared with the three percent blocked call rate in other VBA activities. The increase appears to be attributable in some part to a greater than expected number of calls received by the four regional processing offices assuming responsibility for administering a nationwide toll-free GI Bill telephone inquiry line. VA expects to improve the blocked call rate by enhancing VA's education service web site to provide electronic alternatives to telephone services and by increasing the number of seasonal employees for peak usage periods.

The Committee notes timeliness in VA education claims processing reached a five-year low in fiscal year 2001—in large part due to transferring 50 FTEE in fiscal year 1999 and 45 FTEE in fiscal year 2000 to the Compensation and Pension program and the transfer of all educational inquiries (about three million calls annually) from 57 regional offices to four regional processing offices without additional FTEE. The Committee disfavors such transfers of personnel, as they tend to create dysfunction in one program in order to improve another.

VBA has implemented a prototype, The Expert Education System (TEES), that is able to process selected enrollment information for MGIB claimants for whom data has been submitted electronically from their educational institution. The Administration has requested $6.3 million for TEES. The Committee recommends $16 million to enhance TEES automation, an increase of $9.7 million compared to the Administration's request. Based on testimony before the Committee and projections contained in the Independent Budget, $16 million is needed in order for the automated data exchange between VA and schools to be maximized. The Committee expects there will be fewer delays and greater accuracy for veterans receiving education benefits once this system is completely implemented.

One-VA Telephone Access Initiative.—The Virtual Information Center (VIC) forms a single telecommunications network among several regional offices. VIC technology also allows VBA to answer calls at any place and at any time without complex call routing reconfigurations and with fewer FTEE. Also included in this initiative is support for upgrading the National Automated Response System to allow improved call flow design, increased Interactive Voice Response and customer survey functionality. The Committee supports the fiscal year 2003 budget request of $10.8 million for this project.

Vendee Loans.—When a purchaser agrees to buy a foreclosed VA home, VA often offers to finance the sale by establishing a vendee loan to encourage the prompt sale of the home. Vendee loans are made at market interest rates and often require a down payment. Borrowers are charged a 2.25 percent funding fee that is paid in cash.

The Committee views vendee loans as an important tool to obtain a higher return on property sales, which reduce the overall cost of program operations. VA makes, and subsequently sells, $800 million to $1.2 billion in such loans each fiscal year. There is an ample body of empirical data indicating that offering vendee financing results in higher returns on taxpayer investment in VA's loan guaranty program. In March 2000, Booz, Allen, and Hamilton, Inc. independently analyzed the cost effectiveness of vendee loan financing. Their report indicated a savings to the Government of $16 million in fiscal year 1999 due to vendee financing.

A preliminary, informal estimate by the Congressional Budget Office shows a projected loss of $745 million over 10 years if VA were to eliminate vendee loans, largely due to a lower purchase price on such foreclosed VA-financed homes. The Committee believes the vendee loan program is based on sound business principles and produces cost-effective results. The Committee opposes the President's budget proposal to eliminate the vendee loan program administratively in fiscal year 2003.

State Cemetery Grants Program.—The State Cemetery Grants Program provides grants to assist states in establishing, expanding, and improving state-owned veterans' cemeteries. The State Cemetery Grants Program is not a replacement of VA's national cemetery program, but is one way of increasing the availability of state veterans' cemeteries to serve veterans who do not reside near an open national cemetery. Since the program became active in 1980, the State Cemetery Grants Program has awarded more than $108 million in grants: 53 grants for the initial establishment of new state cemeteries and 56 new grants for expansion or improvements. There are 48 open state veterans cemeteries in 25 states and Guam, and 37 pending grant applications.

With the implementation of the Veterans Program Enhancement Act of 1998, interest in the State Cemetery Grants Program has accelerated. Public Law 105–368 increased the federal government's share of the cost for establishing, expanding or improving a state veterans' cemetery from 50 percent to 100 percent. The Committee supports the Administration's requested increase from $25 million to $32 million in fiscal year 2003.

NATIONAL CEMETERY ADMINISTRATION

Currently, the National Cemetery Administration (NCA) maintains more than 2.4 million gravesites in 120 national cemeteries, as well as 33 soldier's lots and monument sites. These national shrines honoring those who served in uniform should be maintained as places of high honor, dignity and respect. Since 1973, when NCA was established, annual interments in national cemeteries have more than doubled from 36,400 to 84,822 in fiscal year 2001. Last year, VA provided an estimated 304,000 headstones and markers compared to 190,000 headstones in markers in 1973. VA

estimates that 663,000 veterans died in fiscal year 2001, 89,000 more than the number who died in fiscal year 2000.

Veterans' deaths are expected to peak in 2006. In order to meet the demand for burial space, section 611 of Public Law 106–117 directed the Secretary of Veterans Affairs to establish six additional national cemeteries in those areas the Secretary deems to be more in need. The Committee supports the fiscal year 2003 budget request of $23 million for development of a cemetery in southern Florida and $16 million for development of a cemetery in Pittsburgh. The fiscal year 2002 budget request included $28 million for the Phase I development of a cemetery in Atlanta, Georgia. On November 2, 2001, the first section completed at the Ft. Sill, Oklahoma, national cemetery was dedicated, and interments are being conducted. VA expects to report in May 2002 to Congress on the status of these new cemeteries, as well as those in Detroit, Michigan, and Sacramento, California.

Congress has been active in ensuring that the final resting place of our veterans is befitting their service to the nation. Section 613 of Public Law 106–117 also directed the Secretary of Veterans Affairs to enter into a contract to assess the standards of appearance of active national cemeteries, and the feasibility of making standards of appearance of closed national cemeteries commensurate with standards of appearance of the finest cemeteries in the world. The Standards of Appearance Report is expected to be released in March 2002. The Committee supports the Administration's request for $133 million in fiscal year 2003—a $17 million increase over last year—as well as an additional 59 FTEE.

BOARD OF VETERANS' APPEALS

In fiscal year 2001, the Board of Veterans' Appeals (BVA) issued 31,557 decisions. Of those, 91 percent (28,698) involved the compensation program. The cases include claims for service-connection, increased ratings, dependency and indemnity compensation, and earlier effective dates. About two percent (579 cases) involved more than one program. Almost 50 percent of the claims appealed were remanded to regional offices. The Board allowed another 22 percent of the claims appealed. Only 26 percent of the appeals were denied.

There was substantial difference in performance among regional offices. Appeals from the Manila, Fargo, St. Paul, and Milwaukee regional offices were reversed or remanded much less frequently than the national average. Appeals from Columbia, Wilmington, Montgomery, and Newark regional offices were reversed or remanded in a high percentage of cases. The Committee is concerned about the significant differences in reversal and remand rates among regional offices.

For fiscal year 2003, BVA projects that it will take an average of 520 days to process an appeal. At the end of fiscal year 2001, 7,731 cases were pending before the Board, down substantially from 20,521 cases at the end of fiscal year 2000.

The Committee recognizes that as a result of Public Law 106–475, which requires VA to assist a claimant in obtaining evidence, a significant number of claims were remanded to regional offices by the Board. In an effort to assist with the increased caseload at the regional offices and reduce the number of remanded appeals, in

2002 VA issued a regulation allowing BVA to obtain and clarify evidence rather than remand the appeal to the originating regional office. By reducing the number of appeals remanded, BVA may be able to shorten both appeal processing times and reduce the number of claims awaiting decisions at regional offices.

The Committee supports the Administration's request of $51.2 million and 451 FTEE for BVA. The Committee notes that this request will reduce the number of FTEE for BVA decisionmakers by 34 from the 2002 original budget estimate and by 14 from the 2002 current estimate. While the BVA workload has decreased during the current fiscal year, the Committee cautions that as the effect of the duty-to-assist legislation decreases and the number of claims decided by regional offices increases, BVA staffing may prove to be insufficient. It will not improve claims processing for veterans if the regional office pending workload is decreased and VA pending workload increases. The Committee intends to carefully monitor these outcomes.

OFFICE OF INSPECTOR GENERAL

The VA Office of the Inspector General (OIG) exists to ensure veterans programs are managed efficiently and effectively, and are free of fraud, waste and abuse. OIG reports that the monetary benefits of their activities usually provide a return on investment of 30 to 1. In 1999, OIG reestablished cyclical audits under a Combined Assessment Program (CAP) that provides on-site reviews of VHA and VBA facilities as a joint effort of OIG's Audit, Healthcare, Inspections and Investigations sections. These audits were severely curtailed in 1993 because of staffing reductions, and were finally ended in 1995. Current OIG staffing levels will allow a CAP review of each VA healthcare facility every six years. A six-year interval between audits is not in the best interest of veterans or taxpayers.

The Committee notes Congress established a statutory OIG staffing floor of 417 FTEE in Public Law 100–527. Section 312 of title 38, United States Code, requires the budget transmitted to Congress for each fiscal year to be sufficient to support this statutory floor. This requirement has not been met since 1993. Current OIG staffing supported by appropriations is 405 FTEE. An additional 24 FTEE are supported by reimbursements received for Department contract review activities.

In December 2001, Public Law 107–103 tasked the OIG to identify fugitive felons who are disqualified from receiving VA compensation and pension benefits. The OIG estimates that the annual amount of the benefits could be as high as $104 million. The OIG estimates that it will require 37 FTEE to fully implement this new legislative requirement.

Increased OIG staffing is a prudent use of resources. Accordingly, the Committee supports an appropriated funding increase of $10.1 million for 92 additional FTEE in fiscal year 2003. This increase would allow OIG to comply with the new legislative requirements of the fugitive felon program without impairing its current operations, reduce its CAP review cycle to four years, and bring OIG into compliance with the staffing floor. An adequately staffed OIG would improve quality and access for veterans' healthcare, increase VA security against fraud and theft, and result in improved overall

management. The Committee therefore recommends overall funding of $69.1 million for OIG for fiscal year 2003, which would support 497 FTEE.

DEPARTMENT OF LABOR

VETERANS' EMPLOYMENT AND TRAINING SERVICE (VETS)

Congress has determined that our nation has a responsibility to meet the employment and training needs of veterans. To accomplish those goals, the Veterans' Employment and Training Service (VETS) of the Department of Labor provides job services for veterans through grants to state employment services.

The Committee is aware of significant changes in the national labor exchange system that are not a part of the delivery system for veterans' employment and training services under chapter 41 of title 38, United States Code. States are changing the way they deliver employment services and adopting new service delivery models. These range from devolving state programs to the county level, competing some or all employment functions, instituting one-stop employment centers under the Workforce Investment Act of 1998, and using Internet-based job placement services under America's Job Bank and America's Talent Bank. Also, the current version of chapter 41 predates requirements of the Government Performance and Results Act to focus on performance measurement and outcomes.

The Committee finds the performance of the VETS program to be unsatisfactory. The General Accounting Office (GAO) reports that seven out of ten veterans that visit state employment security agencies do not get jobs. The Committee expects to consider legislation to promote effective job service delivery for veterans in the 21st century. Fundamental objectives of such legislation would be to help veterans get jobs, ensure fairness to states in grants, give states greater flexibility to manage, reward states that do well, and allow all states an equal chance to excel.

Between 1997 and 2001, GAO issued seven reports on veterans' employment and training services identifying serious deficiencies in VETS planning and performance. The President's fiscal year 2003 budget submission would transfer to VA three grant programs: (1) the Local Veterans Employment Representatives (LVER), (2) the Disabled Veterans Outreach Program (DVOP), and (3) the Homeless Veterans Reintegration Program (HVRP). In addition, the Transition Assistance Program, which provides job training, employment assistance, and other transitional services to separating servicemembers, would also be transferred to VA. The Office of Management and Budget, VETS, and VA have working groups focusing on various administrative, financial, and legislative implications of the proposed transfer. The total transfer of funding to VA would be $197 million. The transfer also includes shifting 199 VETS employees (state directors and assistant directors and their staffs) to VA. In the absence of a detailed plan and a legislative proposal to accomplish this transfer, the Committee reserves judgment on a transfer of VETS to VA.

Therefore, the Committee recommends $214 million for VETS in fiscal year 2003, including $81,615,000 for DVOP services,

$77,253,000 for LVER services, $27,776,000 for administration, $3 million for the National Veterans' Training Institute, $50 million for HVRP, and $7,550,000 for the Veterans Workforce Investment Program.

LEGISLATION THE COMMITTEE MAY REPORT WITH DIRECT SPENDING IMPLICATIONS

State Approving Agencies (SAA).—The Committee recommends legislation to increase funding available to State Approving Agencies (SAAs) from $14 million to $18 million in fiscal year 2003, and to increase such funding by three percent in each of fiscal year 2004 and fiscal year 2005. SAAs approve colleges and employers for veterans' training under VA education programs. The Committee's legislation reflects the SAA's new duties in occupational licensing and credentialing, and veteran, servicemember and employer outreach in each state. The Committee notes from fiscal years 1989 to 1994, SAA funding was capped at $12 million with no annual increases. From fiscal years 1995 to 2000, such funding was capped at $13 million. However, for fiscal years 2001 and 2002, Congress furnished SAAs a temporary increase in funds from $13 million to $14 million. In the absence of legislation, SAA funding for fiscal year 2003 reverts to $13 million, the fiscal year 1995 funding level.

Dependency and Indemnity Compensation for Surviving Spouses Who Remarry after Age 55.—Dependency and Indemnity Compensation (DIC) provides a partial substitute for the economic loss suffered by the survivors upon the service-connected death of a veteran. For a survivor to be eligible, the veteran must have died during military service, from a service-connected disability, or have had a service-connected disability that was rated 100 percent for a certain period of time before dying from a nonservice-connected condition. DIC terminates upon the remarriage of a surviving spouse, although benefits may be restored in the event that the subsequent remarriage ends in death or divorce. Civil Service, Central Intelligence Agency and Social Security survivorship programs allow surviving spouses to remarry at older ages and retain their survivor benefits. The Committee will consider legislation to allow a surviving spouse who remarries after age 55 to retain DIC benefits. The Congressional Budget Office (CBO) informally estimated the additional cost of this eligibility change to be $107 million in the first year, $1.4 billion over five years, and $3 billion over 10 years.

Uniform Home Loan Fees for Active Duty and Reservists.—Currently, certain home loan fees paid by members of the Selected Reserves are 0.75 percent higher than the fees paid by active duty personnel. Given the significant contribution to military activities currently performed by reservists and the relatively low default rate of their loans, the higher fees are not justified. CBO estimated the cost of this eligibility change to be $7 million per year.

Mortgage Insurance for Severely Disabled Veterans.—Severely disabled veterans who have received grants for specially adapted housing from VA qualify for Veterans' Mortgage Life Insurance (VMLI) at a maximum amount of $90,000. The insurance is termi-

nated when the veteran reaches age 70. The Committee may consider legislation to increase the amount of VMLI to $200,000 and to continue insurance after age 70. CBO estimated the increase to $200,000 in the amount of insurance would cost $2 million the first year and $11 million over five years. CBO estimated that the cost of continuing VMLI after age 70 would be negligible the first year and $3 million over five years.

ADDITIONAL VIEWS AND ESTIMATES

March 11, 2002.

Hon. CHRISTOPHER H. SMITH,
Chairman, Committee on Veterans' Affairs,
House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: Thank you for the opportunity to review the recommendations which you and Congressman Evans plan to submit to the Committee on the Budget with respect to the budget for veterans' programs for fiscal year 2003.

Following are additional views and estimates which I wish to propose:

$30 million for FY 2003 to provide VA health care for all non-service connected Filipino World War II veterans residing in the United States, using the same eligibility criteria as are used for U.S. veterans.

$.5 million for FY 2003 to expand access at the VA Outpatient Clinic in Manila for both service-connected and non-service-connected Filipino World War II veterans residing in the Philippines (to provide full health care, including service-connected and non-service-connected disabilities).

I appreciate your consideration of these additional budget items.

Sincerely,

BOB FILNER,
Member of Congress

Comparison of President's Proposed Budget, Independent Budget and VA Committee Recommendations for the Department of Veterans Affairs

(Budget Authority in millions)

	FY 2002 Estimate	FY 2003 Administration Request[1]	Admin. Request +/− 2002	Independent Budget (IB)	IB +/− FY 2002	VA Committee Recommendation[2]	VA Committee +/− 2002
Medical Care (excluding receipts)	$21,331	$22,744	+$1,413	$24,468	+$3,137	$24,534	+$3,203
MCCF and HSIF receipts	1,031	1,449	+418	No estimate provided	…	1,189	+158
Research	371	394	+23	460	+66	394	+23
Construction, Major	183	194	+11	401	+218	385	+202
Construction, Minor	211	211	…	400	+189	250	+39
State Nursing Home and Cemetery Grants	125	132	+7	142	+17	142	+17
General Operating Expenses (excludes credit reform)	1,199	1,256	+57	1,264	+66	1,271	+72
National Cemetery Administration	121	133	+12	138	+17	133	+12
Other Discretionary (includes credit reform)	288	293	+5	No estimate provided	…	300	+12
Total VA Discretionary (Excluding MCCF and HSIF Receipts)	23,829	25,357	+1,528	.....	.....	27,407	+3,578
VA Mandatory Spending	26,997	30,123	+3,126	No estimate provided	…	30,234	+3,237

[1] 2003 Administration Request is calculated without proposed accrual funding for federal retiree costs.
[2] VA Committee Recommendation does not assume enactment of Administration's proposed $1,500 deductible for veteran healthcare users, transfer of VETS from Labor to VA, or increased accrual funding for federal retiree costs.

MESSAGES FROM THE PRESIDENT AND EXECUTIVE COMMUNICATIONS

PRESIDENTIAL MESSAGES

Feb. 13, 2002:

Communication from the President of the United States, transmitting the Administration's 2002 National Drug Control Strategy, pursuant to 21 U.S.C. 1705.

EXECUTIVE COMMUNICATIONS

Jan. 20, 2001:

Letter from the Director, Office of Regulations Management, Veterans Benefits Administration, Department of Veterans Affairs, transmitting the Department's final rule—New Criteria for Approving Courses for VA Educational Assistance Programs (RIN: 2900–AI67) Received December 21, 2000, pursuant to 5 U.S.C. 801(a)(1)(A).

Jan. 31, 2001:

Letter from the the Director, National Legislative Commission, The American Legion, transmitting the proceedings of the 82nd National Convention of the American Legion, held in Milwaukee, Wisconsin from September 5, 6, and 7, 2000 as well as a report on the Organization's activities for the year preceding the Convention, pursuant to 36 U.S.C. 49.

Feb. 26, 2001:

Letter from the Secretary, Department of Veterans Affairs, transmitting a letter regarding the status of a joint report to Congress on the implementation of that portion of the Health Resources Sharing and Emergency Operations Act (38 U.S.C. 8111(f)) dealing with sharing of health care resources between the Department of Veterans Affairs and the Department of Defense.

Mar. 12, 2001:

Letter from the Director, Office of Regulations Management, Board of Veterans' Appeals, Department of Veterans Affairs, transmitting the Department's final rule—Appeals Regulations: Tide for Members of the Board of Veterans' Appeals—Rescission (RIN: 2900–AK61) Received March 6, 2001, pursuant to 5 U.S.C. 801(a)(1)(A).

Mar. 12, 2001:

Letter from the Director, Office of Regulations Management, Veterans Benefits Administration, Department of Veterans Affairs, transmitting the Department's final rule—Revised Criteria for Monetary Allowance for an Individual Born with Spina Bifida Whose Biological Father or Mother Is a Vietnam Veteran (RIN: 2900–AJ51) Received March 6, 2001, pursuant to 5 U.S.C. 801(a)(1)(A).

Apr. 3, 2001:

Letter from the Director, Office of Regulations Management, Veterans Benefits Administration, Department of Veterans Affairs, transmitting the Department's final rule—Claims Based on the Ef-

fects of Tobacco Products (RIN: 2900–AJ59) Received April 3, 2001, pursuant to 5 U.S.C. 801(a)(1)(A).

Apr. 3, 2001:

Letter from the Director, Office of Regulations Management, Veterans Benefits Administration, Department of Veterans Affairs, transmitting the Department's final rule—Signature by Mark (RIN: 2900–AK07) Received April 3, 2001, pursuant to 5 U.S.C. 801(a)(1)(A).

Apr. 27, 2001:

Letter from the Secretary, Department of Veterans Affairs, transmitting a report on cases recommended for equitable relief, pursuant to 38 U.S.C. 503(c).

May 7, 2001:

Letter from the Director, Office of Regulations Management, Veterans Benefits Administration, Department of Veterans Affairs, transmitting the Department's final rule—Certification of Evidence for Proof of Service (RIN: 2900–AJ55) Received April 18, 2001, pursuant to 5 U.S.C. 801(a)(1)(A).

May 10, 2001:

Letter from the Director, Office of Regulations Management, Department of Veterans Affairs, transmitting the Department's final rule—Review of Benefit Claims Decisions (RIN: 2900–AJ99) Received May 2, 2001, pursuant to 5 U.S.C. 801(a)(1)(A).

May 14, 2001:

Letter from the Director, Office of Regulations Management, Department of Veterans Affairs, transmitting the Department's final rule—Disease Associated With Exposure to Certain Herbicide Agents: Type 2 Diabetes (RIN: 2900–AK63) Received May 4, 2001, pursuant to 5 U.S.C. 801(a)(1)(A).

May 14, 2001:

Letter from the Director, Office of Regulations Management, Department of Veterans Affairs, transmitting the Department's final rule—Reasonable Charges for Medical Care or Services (RIN: 2900–AK73) Received May 2, 2001, pursuant to 5 U.S.C. 801(a)(1)(A).

May 17, 2001:

Letter from the Director, Office of Regulations Management, Veterans Benefits Administration, Department of Veterans Affairs, transmitting the Department's final rule—U.S. Flags for Burials of Certain Members of the Selected Reserve (RIN: 2900–AK56) Received May 15, 2000, pursuant to 5 U.S.C. 801(a)(1)(A).

June 5, 2001:

Letter from the Director, Office of Regulations Management, Department of Veterans Affairs, transmitting the Department's final rule—Schedule for Rating Disabilities: Disabilities of the Liver (RIN: 2900–AK12) Received May 25, 2001, pursuant to 5 U.S.C. 801(a)(1)(A).

June 14, 2001:

Letter from the the Adjutant General, the Veterans of Foreign Wars of the U.S., transmitting proceedings of the 101st National Convention of the Veterans of Foreign Wars of the United States,

held in Milwaukee, Wisconsin, August 20–25, 2000, pursuant to 36 U.S.C. 118 and 44 U.S.C. 1332.

June 18, 2001:

Letter from the Director, Office of Regulations Management, Department of Veterans Affairs, transmitting the Department's final rule—Delegation of Authority-Portfolio Loan Servicing Contractor (RIN: 2900–AK72) Received June 14, 2001, pursuant to 5 U.S.C. 801(a)(1)(A).

June 25, 2001:

Letter from the Director, Office of Regulations Management, Department of Veterans Affairs, transmitting the Department's final rule—Veterans Education: Increased Allowances for the Educational Assistance Test Program (RIN: 2900–AK41) Received June 13, 2001, pursuant to 5 U.S.C. 801(a)(1)(A).

June 25, 2001:

Letter from the Director, Office of Regulations Management, Department of Veterans Affairs, transmitting the Department's final rule—Increase in Rates Payable Under the Montgomery GI Bill—Active Duty and Survivors' and Dependents' Educational Assistance (RIN: 2900–AK44) Received June 13, 2001, pursuant to 5 U.S.C. 801(a)(1)(A).

June 27, 2001:

Letter from the Director, Office of Regulations Management, Department of Veterans Affairs, transmitting the Department's final rule—Grants to States for Construction and Acquisition of State Home Facilities (RIN. 2900–AJ43) Received June 22, 2001, pursuant to 5 U.S.C. 801(a)(1)(A).

July 10, 2001:

Letter from the General Counsel, Department of Defense, transmitting a draft of proposed legislation to authorize appropriations for fiscal year 2002 for military activities of the Department of Defense, to prescribe military personnel strengths for fiscal year 2001, and for other purposes.

July 12, 2001:

Letter from the Director, Office of Regulations Management, Department of Veterans Affairs, transmitting the Department's final rule—Payment or Reimbursement for Emergency Treatment Furnished at Non-VA Facilities (RIN: 2900–AK08) Received July 9, 2001, pursuant to 5 U.S.C. 801(a)(1)(A).

July 12, 2001:

Letter from the Director, Office of Regulations Management, Department of Veterans Affairs, transmitting the Department's final rule—Board of Veterans' Appeals: Rules of Practice—Effect of Procedural Defects in Motions for Revision of Decisions on the Grounds of Clear and Unmistakable Error (RIN: 2900–AK74) Received July 9, 2001, pursuant to 5 U.S.C. 801(a)(1)(A).

July 23, 2001:

Letter from the Director, Office of Regulations Management, Board of Veterans' Appeals, Department of Veterans Affairs, transmitting the Department's final rule—Board of Veterans' Appeals: Rules of Practice—Notification of Representatives in Connection with Motions for Revision of Decisions on Grounds of Clear and

Unmistakable Error (RIN: 2900–AJ75) Received July 16, 2001, pursuant to 5 U.S.C. 801(a)(1)(A).

July 25, 2001:

Letter from the Director, Office of Regulations Management, Department of Veterans Affairs, transmitting the Department's final rule—Rules of Practice: Medical Opinions from the Veterans Health Administration (RIN: 2900–AK52) Received July 18, 2001, pursuant to 5 U.S.C. 801(a)(1)(A).

July 27, 2001:

Letter from the Director, Office of Regulations Management, Department of Veterans Affairs, transmitting the Department's final rule—End of the Service Members Occupational Conversion and Training Program (RIN: 2900–AK45) Received July 24, 2001, pursuant to 5 U.S.C. 801(a)(1)(A).

Aug. 1, 2001:

Letter from the Director, Office of Regulations Management, Department of Veterans Affairs, transmitting the Department's final rule—Montgomery GI Bill—Active Duty (RIN: 2900–AK06) Received July 27, 2001, pursuant to 5 U.S.C. 801(a)(1)(A).

Sept. 5, 2001:

Letter from the Secretary, Department of Veterans Affairs, transmitting a draft of proposed legislation entitled, "Veterans' Benefits Act of 2001".

Sept. 14, 2001:

Letter from the Deputy Secretary, Department of Defense, transmitting a report on Outreach to Gulf War Veterans Calendar Years 1999 and 2000.

Sept. 20, 2001:

Letter from the Director, Office of Regulations Management, Department of Veterans Affairs, transmitting the Department's final rule—Certification for Eligibility for Adaptive Equipment for Automobiles or Other Conveyances (RIN: 2900–AK96) Received August 23, 2001, pursuant to 5 U.S.C. 801(a)(1)(A).

Sept. 20, 2001:

Letter from the Director, Office of Regulations Management, Department of Veterans Affairs, transmitting the Department's final rule—Veterans Benefits Administration Nomenclature Changes (RIN: 2900–AK46) Received August 21, 2001, pursuant to 5 U.S.C. 801(a)(1)(A).

Oct. 3, 2001:

Letter from the Director, Office of Regulations Management, Department of Veterans Affairs, transmitting the Department's final rule—Duty to Assist (RIN: 2900–AK69) Received September 4, 2001, pursuant to 5 U.S.C. 801(a)(1)(A).

Oct. 5, 2001:

Letter from the Director, Office of Regulations Management, Veterans Benefits Administration, Department of Veterans Affairs, transmitting the Department's final rule—Veterans' Benefits and Health Care Improvement Act of 2000 (RIN: 2900–AK68) Received September 19, 2001, pursuant to 5 U.S.C. 801(a)(1)(A).

Oct. 12, 2001:

Letter from the Director, Office of Regulations Management, Department of Veterans Affairs, transmitting the Department's final rule—Board of Veterans' Appeals: Rules of Practice—Subpoenas for Filing Substantive Appeal (RIN: 2900–AK54) Received October 1, 2001, pursuant to 5 U.S.C. 801(a)(1)(A).

Oct. 12, 2001:

Letter from the Director, Office of Regulations Management, Department of Veterans Affairs, transmitting the Department's final rule—Board of Veterans' Appeals: Rules of Practice—Subpoenas (RIN: 2900–AJ58) Received September 26, 2001, pursuant to 5 U.S.C. 801(a)(1)(A).

Nov. 1, 2001:

Letter from the Secretaries, Departments of Defense and Veterans Affairs, transmitting a report on the implementation of the health resources sharing portion of the "Department of Veterans Affairs and Department of Defense Health Resources Sharing and Emergency Operations Act" for Fiscal Year 2000, pursuant to 38 U.S.C. 8111(f).

Nov. 6, 2001:

Letter from the the Executive Secretary, the Disabled American Veterans, transmitting the 2001 National Convention Proceedings of the Disabled American Veterans, pursuant to 36 U.S.C. 90i and 44 U.S.C. 1332.

Nov. 30, 2001:

Letter from the Director, Office of Regulations Management, Department of Veterans Affairs, transmitting the Department's "Major" final rule—Copayments for Medications (RIN: 2900–AK85) Received November 30, 2001, pursuant to 5 U.S.C. 801(a)(1)(A).

Dec. 6, 2001:

Letter from the Director, Office of Regulations Management, Veterans Benefits Administration, Department of Veterans Affairs, transmitting the Department's final rule—Written and Oral Information or Statements Affecting Entitlement to Benefits (RIN: 2900–AK25) Received November 30, 2001, pursuant to 5 U.S.C. 801(a)(1)(A).

Dec. 6, 2001:

Letter from the Director, Office of Regulations Management, Veterans Benefits Administration, Department of Veterans Affairs, transmitting the Department's final rule—Written and Oral Information or Statements Affecting Entitlement to Benefits (RIN: 2900–AK25) Received November 27, 2001, pursuant to 5 U.S.C. 801(a)(1)(A).

Dec. 6, 2001:

Letter from the Director, Office of Regulations Management, Veterans Benefits Administration, Department of Veterans Affairs, transmitting the Department's final rule—Extension of the Presumptive Period for Compensation for Gulf War Veterans' Undiagnosed Illnesses (RIN: 2900–AK98) Received November 27, 2001, pursuant to 5 U.S.C. 801(a)(1)(A).

Dec. 6, 2001:

Letter from the Director, Office of Regulations Management, Veterans Benefits Administration, Department of Veterans Affairs,

transmitting the Department's final rule—Extension of the Presumptive Period for Compensation for Gulf War Veterans' Undiagnosed Illnesses (RIN: 2900–AK98) Received November 30, 2001, pursuant to 5 U.S.C. 801(a)(1)(A).

Dec. 11, 2001:

Letter from the Director, Office of Regulations Management, Department of Veterans Affairs, transmitting the Department's final rule—Board of Veterans' Appeals: Rules of Practice—Notice of Appeal in Simultaneously Contested Claim (RIN: 2900–AJ73) Received November 30, 2001, pursuant to 5 U.S.C. 801(a)(1)(A).

Dec. 11, 2001:

Letter from the Director, Office of Regulations Management, Department of Veterans Affairs, transmitting the Department's final rule—Provision of Hospital and Outpatient Care to Veterans'—Enrollment Decision Level; Copayments for Inpatient Hospital Care and Outpatient Medical Care (RIN: 2900–AK50) Received November 30, 2001, pursuant to 5 U.S.C. 801(a)(1)(A).

Jan. 23, 2002:

Letter from the Director, Office of Regulations Management, Department of Veterans Affairs, transmitting the Department's final rule—Per Diem for Adult Day Health Care of Veterans in State Homes (RIN: 2900–AJ74) Received January 4, 2002, pursuant to 5 U.S.C. 801(a)(1)(A).

Jan. 23, 2002:

Letter from the Director, Office of Regulations Management, Department of Veterans Affairs, transmitting the Department's final rule—Filipino Veterans' Benefits Improvements (RIN: 2900–AK65) Received January 4, 2002, pursuant to 5 U.S.C. 801(a)(1)(A).

Jan. 23, 2002:

Letter from the Secretary, Department of Veterans Affairs, transmitting a draft bill to enhance veterans' programs and the ability of the Department of Veterans Affairs to administer them.

Jan. 23, 2002:

Letter from the the Director, National Legislative Commission, The American Legion, transmitting the proceedings of the 83rd annual National Convention of the American Legion, held in San Antonio, Texas from August 28, 29, and 30, 2001 as well as report on the Organization's activities for the year preceding the Convention, pursuant to 36 U.S.C. 49.

Feb. 4, 2002:

Letter from the Director, Department of Veterans Affairs, transmitting the Department's final rule—Compensated Work Therapy/Transitional Residences Program (RIN: 2900–AK01) Received January 28, 2002, pursuant to 5 U.S.C. 801(a)(1)(A).

Feb. 4, 2002:

Letter from the Director, Office of Regulations Management, Department of Veterans Affairs, transmitting the Department's final rule—Board of Veterans' Appeals: Obtaining Evidence and Curing Procedural Defects Without Remanding (RIN: 2900–AK91) Received January 17, 2002, pursuant to 5 U.S.C. 801(a)(1)(A).

Feb. 4, 2002:

Letter from the Director, Office of Regulations Management, Department of Veterans Affairs, transmitting the Department's final rule—Civilian Health and Medical Program of the Department of Veterans Affairs (CHAMPVA) (RIN: 2900–AK89) Received January 28, 2002, pursuant to 5 U.S.C. 801(a)(1)(A).

Feb. 5, 2002:

Letter from the Director, Office of Regulations Management, Department of Veterans Affairs, transmitting the Department's final rule—Diseases Specific to Radiation-Exposed Veterans (RIN: 2900–AK64) Received January 23, 2002, pursuant to 5 U.S.C. 801(a)(1)(A).

Feb. 14, 2002:

Letter from the Director, Office of Regulations Management, Department of Veterans Affairs, transmitting the Department's final rule—Claims Based on Exposure to Ionizing Radiation (RIN: 2900–AK87) Received February 12, 2002, pursuant to 5 U.S.C. 801(a)(1)(A).

Feb. 27, 2002:

Letter from the Director, Office of Regulations Management, Department of Veterans Affairs, transmitting the Department's final rule—Special Monthly Compensation for Women Veterans Who Lose a Breast as a Result of a Service-Connected Disability (RIN: 2900–AK66) Received February 13, 2002, pursuant to 5 U.S.C. 801(a)(1)(A).

Mar. 4, 2002:

Letter from the Director, Office of Regulations Management, Department of Veterans Affairs, transmitting the Department's final rule—Loan Guaranty: Advertising and Solicitation Requirements (RIN: 2900–AJ86) Received February 28, 2002, pursuant to 5 U.S.C. 801(a)(1)(A).

Mar. 13, 2002:

Letter from the Director, Office of Regulations Management, Department of Veterans Affairs, transmitting the Department's final rule—Exclusion from Countable Income of Expenses Paid for Veteran's Last Illness Subsequent to Veteran's Death but Prior to Date of Death Pension Entitlement (RIN. 2900–AK84) Received February 28, 2002, pursuant to 5 U.S.C. 801(a)(1)(A).

Apr. 9, 2002:

Letter from the Acting Director, Office of Regulatory Law, Department of Veterans Affairs, transmitting the Department's final rule—Information Collection Needed in VA's Flight-Training Programs (RIN: 2900–AJ23) Received March 18, 2002, pursuant to 5 U.S.C. 801(a)(1)(A).

Apr. 16, 2002:

Letter from the Acting Director, Office of Regulatory Law, Department of Veterans Affairs, transmitting the Department's final rule—Board of Veterans' Appeals Rules of Practice: Claim for Death Benefits by Survivor (RIN: 2900–AL11) Received April 5, 2002, pursuant to 5 U.S.C. 801(a)(1)(A).

Apr. 23, 2002:

Letter from the Acting, Director Office of Regulatory Law, Department of Veterans Affairs, transmitting the Department's final

rule—Board of Veterans' Appeals Title Change (RIN: 2900–AL15) Received April 4, 2002, pursuant to 5 U.S.C. 801(a)(1)(A).

Apr. 25, 2002:

Letter from the Secretary, Department of Veterans Affairs, transmitting a draft bill, "To amend Title 38, United States Code, to establish a new Assistant Secretary to perform operations, preparedness, security, and law enforcement functions, and for other purposes".

May 1, 2002:

Letter from the General Counsel, Department of Defense, transmitting the Department's proposed legislation entitled the "National Defense Authorization Act for Fiscal Year 2003".

May 1, 2002:

Letter from the General Counsel, Department of Defense, transmitting the Department's proposed legislation relating to the housing of civilian teachers at Guantanamo Bay, and expansion of our dependent summer school program, and clarification of authority relating to United Nations' efforts to inspect and monitor Iraqi weapons systems.

May 8, 2002:

Letter from the Acting Director Office of Regulatory Law, Department of Veterans Affairs, transmitting the Department's final rule—Policy Regarding Participation in National Practitioner Data Bank (RIN: 2900–AJ76) Received April 22, 2002, pursuant to 5 U.S.C. 801(a)(1)(A).

May 10, 2002:

Letter from the Secretary, Department of Veterans Affairs, transmitting a draft bill entitled, "Veterans' Benefits Improvement Act of 2002".

May 22, 2002:

Letter from the Acting Director, Office of Regulatory Law, Department of Veterans Affairs, transmitting the Department's final rule—Copayments for Inpatient Hospital Care and Outpatient Medical Care (RIN: 2900–AK50) Received May 2, 2002, pursuant to 5 U.S.C. 801(a)(1)(A).

May 23, 2002:

Letter from the Deputy Assistant Secretary, VETS, Department of Labor, transmitting the Department's final rule—Annual Report from Federal Contractors (RIN: 1293–AA07) Received May 10, 2002, pursuant to 5 U.S.C. 801(a)(1)(A).

June 6, 2002:

Letter from the Secretaries, Department of Veterans Affairs and Department of Defense, transmitting a report for fiscal year 2001 regarding the implementation of the health resources sharing portion of the Department of Veterans Affairs and Department of Defense Health Resources Sharing and Emergency Operations

June 6, 2002:

Letter from the Assistant Secretary for Congressional and Legislative Affairs, Department of Veterans Affairs, transmitting the Fiscal Year 2002 Veterans Equitable Resource Allocation (VERA).

June 13, 2002:

Letter from the Acting Director, Office of Regulatory Law, Department of Veterans Affairs, transmitting the Department's final rule—Increased Allowances for the Educational Assistance Test Program (RIN: 2900–AL02) Received May 13, 2002, pursuant to 5 U.S.C. 801(a)(1)(A).

June 13, 2002:

Letter from the Secretary, Department of Veterans Affairs, transmitting a draft bill entitled, "Veterans' Employment, Business Opportunity, and Training Act of 2002".

June 20, 2002:

Letter from the Acting Director, Office of Regulatory Law, Department of Veterans Affairs, transmitting the Department's final rule—Board of Veterans' Appeals: Rules of Practice-Attorney Fee Matters (RIN: 2900–Al98) Received May 21, 2002, pursuant to 5 U.S.C. 801(a)(1)(A).

June 25, 2002:

Letter from the Acting Director, Office of Regulatory Law, Department of Veterans Affairs, transmitting the Department's final rule—Medical Benefits Package; Copayments for Extended Care Services (RIN: 2900–AK32) Received June 7, 2002, pursuant to 5 U.S.C. 801(a)(1)(A).

July 11, 2002:

Letter from the Acting Director, Office of Regulatory Law, Veterans Health Administration, Department of Veterans Affairs, transmitting the Department's final rule—Filipino Veterans Eligible for Hospital Care, Nursing Home Care, and Medical Services (RIN: 2900–AL18) Received June 20, 2002, pursuant to 5 U.S.C. 801(a)(1)(A).

July 26, 2002:

Letter from the Acting Director, Office of Regulatory Law, Department of Veterans Affairs, transmitting the Department's final rule—Ankylosis and limitation of motion of digits of the hands (RIN: 2900–AI44) Received July 24, 2002, pursuant to 5 U.S.C. 801(a)(1)(A).

July 26, 2002:

Letter from the Acting Director, Office of Regulatory Law, Department of Veterans Affairs, transmitting the Department's final rule—Adjudication; Fiduciary Activities—Nomenclature Changes (RIN: 2900–AL10) Received July 16, 2002, pursuant to 5 U.S.C. 801(a)(1)(A).

July 26, 2002:

Letter from the Acting Director, Office of Regulatory Law, Department of Veterans Affairs, transmitting the Department's final rule—VA Acquisition Regulation: Construction and Architect-Engineer Contracts (RIN. 2900–AJ56) Received July 25, 2002, pursuant to 5 U.S.C. 801(a)(1)(A).

July 26, 2002:

Letter from the Deputy Secretary, Department of Defense, transmitting a report on Outreach to Gulf War Veterans Calendar Year 2001.

Sept. 4, 2002:

Letter from the Secretary, Department of Veterans Affairs, transmitting a report covering those cases in which equitable relief was granted in calendar year 2001, pursuant to 38 U.S.C. 210(c)(3)(B).

Sept. 4, 2002:

Letter from the Deputy General Counsel, Veterans Benefits Administration, Department of Veterans Affairs, transmitting the Department's final rule—Duty Periods; Inactive Duty for Training (RIN: 2900–AL21) Received July 30, 2002, pursuant to 5 U.S.C. 801(a)(1)(A).

Sept. 4, 2002:

Letter from the Deputy General Counsel, Veterans Benefits Administration, Department of Veterans Affairs, transmitting the Department's final rule—Monetary Allowances for Certain Children of Vietnam Veterans; Identification of Covered Birth Defects (RIN: 2900–AK67) Received July 30, 2002, pursuant to 5 U.S.C. 801(a)(1)(A).

Sept. 4, 2002:

Letter from the Deputy General Counsel, Department of Veterans Affairs, transmitting the Department's final rule—Board of Veterans' Appeals: Rules of Practice-Attorney Fee Matters; Notice of Disagreement Requirement (RIN: 2900–AL25) Received July 30, 2002, pursuant to 5 U.S.C. 801(a)(1)(A).

Sept. 4, 2002:

Letter from the Acting Director, Office of Regulatory Law, Veterans Benefits Administration, Department of Veterans Affairs, transmitting the Department's final rule—Schedule for Rating Disabilities; Intervertebral Disc Syndrome (RIN: 2900–AI22) Received August 23, 2002, pursuant to 5 U.S.C. 801(a)(1)(A).

Sept. 4, 2002:

Letter from the Acting Director, Office of Regulatory Law, Regional Office and Insurance Center, Department of Veterans Affairs, transmitting the Department's final rule—National Service Life Insurance (RIN: 2900–AK43) Received August 23, 2002, pursuant to 5 U.S.C. 801(a)(1)(A).

Sept. 4, 2002:

Letter from the Deputy General Counsel, Department of Veterans Affairs, transmitting the Department's final rule—Schedule for rating disabilities The Skin (RIN: 2900–AF00) Received July 30, 2002, pursuant to 5 U.S.C. 801(a)(1)(A).

Sept. 9, 2002:

Letter from the Acting Director, Office of Regulatory Law, Insurance Center, Department of Veterans Affairs, transmitting the Department's final rule—Accelerated Benefits Option for Servicemembers' Group Life Insurance and Veterans' Group Life Insurance (RIN: 2900–AJ80) Received August 13, 2002, pursuant to 5 U.S.C. 801(a)(1)(A).

Sept. 19, 2002:

Letter from the Acting Director, Office of Regulatory Law, Department of Veterans Affairs, transmitting the Department's final rule—Priorities for Outpatient Medical Services and Inpatient Hos-

pital Care (RIN: 2900–AL39) Received September 17, 2002, pursuant to 5 U.S.C. 801(a)(1)(A).

Sept. 30, 2002:

Letter from the Acting Director, Office of Regulatory Law, Department of Veterans Affairs, transmitting the Department's final rule—Recoupment of Severance Pay from VA Compensation (RIN: 2900–AK95) Received September 25, 2002, pursuant to 5 U.S.C. 801(a)(1)(A).

Oct. 8, 2002:

Letter from the Acting Director, Office of Regulatory Law, Department of Veterans Affairs, transmitting the Department's final rule—Loan Guaranty: Net Value and Pre-Foreclosure Debt Waivers (RIN: 2900–AG20) Received October 7, 2002, pursuant to 5 U.S.C. 801(a)(1)(A).

Oct. 8, 2002:

Letter from the Acting Director, Office of Regulatory Law, Department of Veterans Affairs, transmitting the Department's final rule—Prohibition of Interment or Memorialization in National Cemeteries and Certain State Cemeteries Due to Commission of Capital Crimes (RIN: 2900–AJ77) Received October 7, 2002, pursuant to 5 U.S.C. 801(a)(1)(A).

Oct. 9, 2002:

Letter from the Acting Director, Office of Regulatory Law, Department of Veterans Affairs, transmitting the Department's final rule—Enrollment—Provision of Hospital and Outpatient Care to Veterans (RIN: 2900–AK38) Received October 7, 2002, pursuant to 5 U.S.C. 801(a)(1)(A).

Oct. 31, 2002:

Letter from the Acting Director, Office of Regulatory Law, Department of Veterans Affairs, transmitting the Department's final rule—Evidence for Accrued Benefits (RIN: 2900–AH42) Received October 25, 2002, pursuant to 5 U.S.C. 801(a)(1)(A).

Nov. 7, 2002:

Letter from the Acting Director, Office of Regulatory Law, Department of Veterans Affairs, transmitting the Department's final rule—Civilian Health and Mental Program of the Department of Veterans Affairs (CHAMPVA) (RIN: 2900–AK89) Received November 1, 2002, pursuant to 5 U.S.C. 801(a)(1)(A).

Nov. 8, 2002:

Letter from the Acting Director, Office of Regulatory Law, Department of Veterans Affairs, transmitting the Department's final rule—Service Connection by Presumption of Aggravation of a Chronic Preexisting Disease (RIN: 2900–AL20) Received November 4, 2002, pursuant to 5 U.S.C. 801(a)(1)(A).

Nov. 13, 2002:

Letter from the Director, Office of Personnel Management, transmitting the Office's Fiscal Year 2001 annual report on Veteran's Employment in the Federal Government, pursuant to 38 U.S.C. 4214(e)(1).

STATISTICAL DATA—WAR VETERANS AND DEPENDENTS

(AS OF OCTOBER 2002)

AMERICAN REVOLUTION (1775–1783)

Total Servicemembers.....217,000
Battle Deaths.....4,435
Non-mortal Woundings.....6,188
Last Veteran, Daniel F. Bakeman, died April 5, 1869,..... 109
Last Widow, Catherine S. Damon, died November, 11, 1906,
..... age 92
Last Dependent, Phoebe M. Palmeter, died April 25, 1911,
..... age 90

WAR OF 1812 (1812–1815)

Total Servicemembers.....286,730
Battle Deaths.....2,260
Non-mortal Woundings.....4,505
Last Veteran, Hiram Cronk, died May 13, 1905,.....age 105
Last Widow, Carolina King, died June 28, 1936, ...age unknown
Last Dependent, Esther A.H. Morgan, died March 12, 1946,
..... age 89

INDIAN WARS (approx. 1817–1898)

Total Servicemembers.....[1] 106,000
Battle Deaths.....[1] 1,000
Last Veteran, Fredrak Fraske, died June 18, 1973,.....age 101

MEXICAN WAR (1846–1848)

Total Servicemembers.....78,718
Battle Deaths.....1,733
Other Deaths in Service 11,550
Non-mortal Woundings.....4,152
Last Veteran, Owen Thomas Edgar, died September 3, 1929,
..... age 98
Last Widow, Lena James Theobald, died June 20 1963,
..... age 89
Last Dependent, Jesse G. Bivens, died November 1, 1962,
..... age 94

CIVIL WAR (1861–1865)

Total Servicemembers (Union).....2,213,363
Battle Deaths (Union).....140,414
Other Deaths in Service (Union) 224,097
Non-mortal Woundings (Union).....281,881
Total Servicemembers (Confederate).....1,050,000
Battle Deaths (Confederate).....74,524
Other Deaths in Service (Confederate) .....[2] 59,297
Non-mortal Woundings (Confederate).....Unknown
Last Union Veteran, Albert Woolson, died August 2, 1956,
..... age 109
Last Confederate Veteran, John Salling, died March 16,
1958,.....age 112

SPANISH-AMERICAN WAR (1898–1902)

Total Servicemembers (Worldwide)	306,760
Battle Deaths	385
Other Deaths in Service	2,061
Non-mortal Woundings	1,662
Last Veteran, Nathan E. Cook, died September 10, 1992,	age 106

WORLD WAR I (1917–1918)

Total Servicemembers (Worldwide)	4,734,991
Battle Deaths	53,402
Other Deaths in Service	63,114
Non-mortal Woundings	204,002
Living Veterans	[1] Less than 500

WORLD WAR II (1940–1945)

Total Servicemembers (Worldwide)	16,112,566
Battle Deaths	291,557
Other Deaths in Service	113,842
Non-mortal Woundings	671,846
Living Veterans	[1] 4,750,000

KOREAN CONFLICT (1950–1953)

Total Servicemembers (worldwide)	5,720,000
Battle Deaths	33,686
Other Deaths (In theater)	2,830
Other Deaths in Service	17,730
Non-mortal Woundings	103,284
Living veterans	[1] 3,724,000

VIETNAM ERA (1964–1975)

Total Servicemembers (Worldwide)	9,200,000
Deployed to Southeast Asia	3,100,000
Battle Deaths	47,410
Other Deaths (In Theater)	10,788
Other Deaths in Service	est. 32,000
Non-mortal Woundings	153,303
Living Veterans	[1] 8,274,000

GULF WAR (1990–1991)

Total Servicemembers (Worldwide)	2,322,332
Deployed to Gulf	1,136,658
Battle Deaths	147
Other Deaths (In Theater)	235
Other Deaths in Service	914
Non-mortal Woundings	467
Living Veterans	1,852,000

AMERICA'S WARS TOTAL

Military Service During War.....42,348,460
Battle Deaths.....650,954
Other Deaths in Service (In Theater).....13,853
Other Deaths in Service (Non-Theater) 229,661
Non-mortal Woundings.....1,431,290
Living War Veterans.....[3] 17,537,500
Living Ex-Servicemembers.....[1] 25,625,000

Veterans and Dependents on the Compensation and Pension Rolls

(As of August 2002)

	VETERANS	CHILDREN	PARENTS	SURVIVING SPOUSES
Civil War	.....	7	.....	1
Indian Wars	.....	1	.....	.....
Spanish-American War	.....	203	.....	273
Mexican Border	5	23	.....	149
World War I	59	5,290	1	18,615
World War II	585,891	17,870	884	260,593
Korean Conflict	242,994	3,848	1,085	62,645
Vietnam Era	915,537	12,055	5,219	122,727
Gulf War	416,536	9,127	364	7,460
TOTAL WARTIME	2,161,022	48,424	7,553	472,463

Source: Department of Defense, unless otherwise indicated.

Living veterans estimates are based on Census 2000 figures. Sum of veterans shown for each war period does not equal total number of war veterans, as approximately 1,063,000 veterans served in more than one conflict. They are shown for each period in which they served, but are counted only once in total war veterans figure.

Periods of service used in Census data may differ slightly from those of DOD. For compensation and pension purposes, the Gulf War period has not yet been terminated and includes those discharged from 1991 to date. The living Gulf War veterans estimate is for the peak 1990–1991 period only.

"Other Deaths in Service" is the number of servicemembers who died while on active duty, other than those attributable to combat, regardless of the location or cause of death.

[1] VA estimate as of September 30, 2002.

[2] Does not include 26,000 to 31,000 who died in Union prisons.

[3] Approximately 1,063,000 veterans served in more than one conflict. They are counted in each period, but only once in total.

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