

TIM TETZ, DIRECTOR NATIONAL LEGISLATIVE COMMISSION, THE AMERICAN  
LEGION

STATEMENT OF

TIM TETZ, DIRECTOR

NATIONAL LEGISLATIVE COMMISSION

THE AMERICAN LEGION

BEFORE THE

COMMITTEE ON VETERANS' AFFAIRS

UNITED STATES SENATE

ON

THE DEPARTMENT OF VETERANS AFFAIRS

FISCAL YEAR 2012/2013 PRESIDENT'S BUDGET REQUEST

MARCH 2, 2011

Madam Chairman and Members of the Committee:

The American Legion welcomes this opportunity to comment on the President's Department of Veterans Affairs (VA) budget request for fiscal year (FY) 2012 and 2013.

The American Legion is pleased to see the budget, at a proposed 10.6 percent increase over 2010 levels, recognizes many of the needs faced by veterans and that this continues to be an area where we must ensure proper funding. The nation is facing many difficult challenges, and the veterans of America face many of their own challenges. Not only do we see the return of large numbers from two overseas wars, we also face the challenges of an aging veterans' population from previous wars. Unemployment strikes veterans at a rate two thirds higher than the general population and medical challenges are only now beginning to be understood in the form of

Traumatic Brain Injury (TBI) and long term issues such as the effects of environmental exposures in Vietnam and the Gulf War Theater and the psychological effects of war from Posttraumatic Disorder (PTSD.)

Not only do external challenges such as these affect veterans, but internal obstacles within VA also represent significant challenges to be met by a budget. VA is transforming to 21st century “paperless” technology through the Veterans Benefits Management System (VBMS.) Will it be enough to turn the tide against a rising backlog when VA is awash in a sea of claims that has topped one million each of the past two years? This is a major concern. VA facilities, be they medical, administrative or for the purposes of our national cemeteries are much in need of upgrades and expansion to properly serve the veterans’ community.

These all point to the importance of a fully funded VA to meet the needs of the growing numbers of veterans. It is vital to ensure that the mission set forth by President Lincoln, “To care for him who shall have borne the battle, and for his widow and his orphan,” must not be given short shrift despite the economic woes. This debt must be honored.

However, this is also a time of fiscal responsibility. The American Legion believes there should never be a wasted dollar spent in the service of veterans and that a maximum amount of the money spent must find its way down to the veteran on the street level. If there is a cost to be paid to care for the veterans of this country we must pay it, but the money must be used efficiently and prudently. This is a time for smart money.

Smart money is investing in infrastructure. Infrastructure is construction money wisely spent and research to stay ahead of medical conditions before the most devastating lasting effects can be felt. Smart money is avoiding duplicative spending and making sure the money saved goes to places where even a small shortfall can be a major setback. Smart money is ensuring the Information Technology (IT) transformation of VA does more to transform the operational mindset and less to give electronic tools that repeat the errors of the past -- but with greater speed.

It is also important to recognize investment in veterans is not investment in a vacuum or isolated community that has little impact on the rest of America. It was once noted that if you wanted to “reach the veterans of America” you should simply speak to the whole of America, for they have integrated into near every community. Urban or rural, from Washington state to Puerto Rico and Maine to Hawaii veterans are an integral part of the community and money invested in veterans shores up these communities.

A simple example is VA's Home Loan program, which provides low interest loans to veterans with no down payment and minimal closing costs. In a time where foreclosures have crippled the American housing markets, VA Home Loans have performed better than any other class of loans. In fact, according to the Mortgage Bankers Association, in 2010, the VA's percentage of loans that are seriously delinquent or in foreclosure is the lowest of all measured loan types – lower even than prime loans. In this way it is clear to see that investing in veterans can provide stability to communities that help all citizens in the difficult economy. It is all the more important that vital, community stabilizing programs such as the VA Home Loan program, receive full funding and are not curtailed in a short sighted aim of trimming a budget that only creates greater costs in the future.

There are, however, two issues the American Legion urges Congress to address that will make this program fully functional and as effective as it deserves to be: first - the extension of the VA's maximum guaranty amount which is currently set to snap back at the end of this fiscal year; and second - providing a fee structure that is not over-burdensome but ensures that the program is self-sustaining. Surely a self sustaining program that provides stability to America's housing market while returning the investment that veterans have made to their country is about as smart money as Congress can provide.

This is not a line-by-line excoriation and examination of a budget. This is an attempt to recognize the important areas The American Legion believes Congress must consider while determining the overall budget. Washington DC has a reverence for the new. Part and parcel of this reverence is often to roll out sexy new programs to solve the errors of the past, while letting the old programs languish in the background, still on the books and draining money, yet broken and creating drag on operations like a jammed chain on a bicycle. Sometimes the smarter choice is to ensure what you already have is working. It can be better to make fundamental repairs that bolster the existing system rather than throw the baby out with the bathwater and reinvent the wheel.

The VA has a unique medical system that is tailor-made to push cutting edge research, but it must be bolstered and funded to do so. The VA is expanding medical facilities and programs to provide outreach to rural veterans who are a more difficult community to serve. As more veterans move to rural areas, this must be continued to help meet their needs. VA has dedicated doctors and health care professionals who work hard to treat the veterans of this country; they must have the best facilities we can provide them. Veterans must have basic amenities at their health care facilities like parking and child care, or they cannot make use of the excellent system that serves their health care needs. There is an extensive network of state veterans' homes, yet duplicative evaluation of these homes by both VA and SMS leads to millions of dollars of waste that could be better applied elsewhere, and this is only one example of overlap. VA has spent

millions of dollars on dozens and dozens of pilot programs to fix the model of operations that has led to a multiyear backlog for veterans' disability claims. It's time to make the most of the lessons gleaned from these pilots and Congressional studies; it's time to stop studying and start implementing.

## MEDICAL AND PROSTHETIC RESEARCH

The American Legion believes VA's focus in research must remain on understanding and improving treatment for medical conditions that are unique to veterans. Service members are surviving catastrophically disabling blast injuries due to the superior armor they are wearing in the combat theater and the timely access to quality combat medical care. The unique injuries sustained by the new generation of veterans clearly demand particular attention. It has been reported that VA does not have state-of-the-art prostheses like DOD and that the fitting of prostheses for women has presented problems due to their smaller stature.

There is a need for adequate funding of other VA research activities, including basic biomedical research and bench-to-bedside projects. Congress and the Administration should continue to encourage acceleration in the development and initiation of needed research on conditions that significantly affect veterans, such as prostate cancer, addictive disorders, trauma and wound healing, post-traumatic stress disorder, rehabilitation, and other research that is conducted jointly with DOD, the National Institutes of Health (NIH), other Federal agencies, and academic institutions.

As challenging health concerns such as the long term effects of TBI, exposures to environmental hazards in domestic and overseas deployment, and the mental health impact of exposure to combat conditions as well as sexual trauma and assault develop, it is essential that VA lead the

way in research and development to combat and treat these conditions. Service members affected by these conditions will have a deep and lasting effect on the economy through their ability to contribute if these conditions are not treated and mitigated. Learning to attack these conditions early can very often be the difference between manageable symptomatology and more devastating and less treatable levels in the future. Quite simply, the more that can be learned about diagnosing and treating these conditions, the more likely this nation can avert catastrophic impact in the future.

Yet this proposed budget cuts funding from this vital area. The FY 2010 Final Budget saw an allocation of \$581 million in this area, slashed by \$72 million to \$509 million in the proposed FY 2012 Budget. In a budget seeing increases in many other areas, a reduction to this critical area cannot be overlooked.

Truly, investing in research at the onset is investing in the future. While The American Legion applauds the VA budget's stated research priorities of Mental Health, Gulf War Illness and Environmental Exposures, Prosthetics, and Traumatic Brain Injury and Spinal Cord Injuries, the allocated \$509 million should be made more robust. As the lesson learned from Agent Orange exposure in Vietnam should have taught us, research delayed into developing residuals of war can have devastating economic impact down the road. Money invested now in this research has the potential to not only save this nation money in the long run, but also ameliorate and alleviate the suffering of veterans at a time when the long-term impact can be minimized.

#### CONSTRUCTION -- MAJOR AND MINOR

As a part of the preparation for the annual System Worth Saving (SWS) reports, The American Legion has seen firsthand the structural deficiencies and challenges faced with the infrastructure of the VA health care system. During those site visits, many VA Medical Center staff have informed Legion personnel that they are unable to dedicate needed funds towards construction projects due to the funding needs of actual medical care. Furthermore, many VA construction projects were only made possible through the use of funding from the America Reinvestment and Recovery Act. Such money is no longer available to meet the construction needs to shore up VA infrastructure in areas such as seismic criteria, aging electrical systems, insufficient parking and space utilization, and other needed areas. Therefore, the need to fully fund this area of the budget is even more apparent.

Recent reports of the VA Regional Office in Roanoke, VA noted that the floors of the building were in danger of collapsing due to the aggregate weight of the files. While this highlights yet another major implication of the claims backlog, it further underlines that this is not an area where VA can afford to scrimp and save. Substandard facilities do not serve the veterans of this country.

If we are to truly invest in the future of this country, there are few more sound decisions to be made than investing in infrastructure. Just as the roads and bridges of America must be shored up to support the crumbling infrastructure and prevent even greater costs down the road, so too must the infrastructure of VA be solidified to meet the needs of the growing veterans' community.

Whether it is much needed medical facilities to the rural regions of the country, repairs to aging urban hospitals, proper laboratory facilities, adequate parking, or other needs, it is short sighted to see opportunities to cut here, for cuts to this area now will only bring greater costs down the road. The wise fiscal decision is to invest carefully now to head off ballooning costs in the future.

## IT SYSTEMS

Since the data theft occurrence in May 2006, VA has implemented a complete overhaul of its Information Technology (IT) division nationwide. The American Legion hopes VA continues to take the appropriate steps to strengthen its IT security to regain the confidence and trust of veterans who depend on VA for the benefits they have earned.

As acknowledged by the GAO Report 11-265, "Electronic Health Records: DOD and VA Should Remove Barriers and Improve Efforts to Meet Their Common System Needs" there are still major hurdles to be overcome to achieve the goals set forth of a Virtual Lifetime Electronic Record for service members from induction through the rest of their lives as active duty and veteran. The President's budget sets aside monies for this purpose, but it is vitally important to ensure that this component is not left behind, nor allowed to falter. Achieving this goal should remain a major priority of both DOD and VA in cooperation with one another.

The American Legion supports the centralization of VA's IT. The amount of work required to secure information managed by VA is immense. The American Legion urges Congress to maintain close oversight of VA's IT restructuring efforts and fund VA's IT to ensure the most rapid implementation of all proposed security measures.

Obviously, with VA's transformation of the Veterans Benefits Administration (VBA) to a "paperless" processing system through the Veterans Benefits Management System (VBMS) this can be an area of great savings overall for VA as VBA moves out of the research and piloting

stage of this system and into regular operations. Startup costs can now be eliminated and hopefully VA will be vigilant in ensuring that this new system offers the speed and accuracy promised.

## FISCAL RESPONSIBILITY

Fiscal responsibility is, of course, a vital concern in the difficult times we are facing as a nation. The American Legion believes strongly money spent must be utilized wisely. To this end, all aspects of operation must be scrutinized, and where waste and mismanagement needlessly contribute to an inflated budget, these must be eliminated. Rather than wholesale cutting of necessary infrastructure, areas of redundancy must be sought, and targeted cuts to those areas serve a far better purpose in managing the budget of VA.

Better coordination with outside evaluations can help reduce internal costs of evaluation. State veterans' homes are evaluated not only by VA internal evaluation, but also by outside CMS evaluation. Better coordination and standardization of evaluation could result in reduced costs of VA evaluations of millions of dollars by reducing this level of redundancy. The American Legion has similarly called for some time for VA to accept outside, third party evaluation of accuracy and quality rates in the benefits management and claims system. Such outside evaluation could further reduce costs where areas of redundancy with VA's own evaluative process can be found.

To be sure, such savings may seem small in comparison to the entirety of the budget. Elimination of the above redundancy could provide savings on the level of around \$10 million. However, when considered against the balance of small areas where a little money goes a long way, the impact of such savings and the proper redistribution of this money could be great.

VA's funding of State Cemetery Grants contributes in many ways to a vital task, providing for the respectful repose of our nation's veterans in conjunction with the National Cemetery Administration (NCA.) The grants cover everything from major construction to basic irrigation and bringing these state cemeteries to National Shrine Standards. As the horrifying situation played out over the last few years across the river in Arlington National Cemetery has proven, or tales of missing headstones or grounds gone to seed and disrepair in other locations attest, there are few more unconscionable acts than to give substandard service to the families of veterans in their interment. NCA takes such failings seriously, and works tirelessly to preserve their status

as one of the top two organizations in service and satisfaction in the entire nation. We cannot fall short in meeting these National Shrine Standards. A mere \$5 million dollars has been estimated to be the difference between fully funding the available projects and letting some projects slide to backlog status. Some projects may cost as little as a few hundred thousand dollars or even less. VA has already let our living veterans down by allowing claims service to fall into backlog status, they cannot afford to allow a similar lapse in our veterans' cemeteries.

Better Central Office oversight is further needed at the local level to ensure that money directed to the VISNs and Regional Offices are being spent in accordance with the direction of the administration. All too often in The American Legion's visits to local areas as a part of the System Worth Saving (SWS) Reports and Regional Office Action Review (ROAR) sees wide variances in execution from region to region. To truly manage the budget of VA most effectively, developing uniform consistency is vital across the country.

The President's budget includes vastly rising costs in administrative areas, such as increases ranging from 41% in the Office of the Secretary to nearly 100% in the Office of Policy Planning and well over even that for the Office of Public and Intergovernmental Affairs. Certainly VA has struggled to meet demands, and has been woefully late in compliance with implementation of Public Laws enacted. A HVAC DAMA Subcommittee meeting last year regarding P.L. 110-389 that found nearly half of the provisions short of implementation well over a year and a half past the passage of the law. Delays in implementation and publication of new Agent Orange regulations are well documented. Certainly we must not overlook the recent tardiness in an implementation plan for the Caregivers' Act. If VA is short staffed and unable to comply with basic regulations for operations, they should be given adequate staffing. Congress has generously provided VA with additional staffing for their claims processors that Acting Undersecretary for Benefits Michael Walcoff has recently stated in testimony is now sufficient for VA to reduce the backlog and meet the Secretary's stated goal of no claims languishing longer than 125 days at a 98 percent accuracy rate. If the Central Office truly needs this plus up of numbers to adequately manage the ability of VA to complete their daily tasks, then this funding is welcomed.

The American Legion does underline the need to ensure that this staffing is essential. As belts are tightened in budget season, not only in Washington but in every household across the country, we cannot afford wasteful spending. Every penny spent must be to the good cause of helping the veteran at ground level.

CONCLUSION



Madame Chairwoman and Members of the Committee, The American Legion believes it is absolutely critical that the entire military and veterans' community (active-duty, Reserve Component, and veterans) continue to remain supportive of honorable military service. No service member should ever doubt:

- the quality of health care he or she will receive if injured;
- the availability of earned benefits for honorable military service upon discharge; or
- the quality of survivors' benefits should he or she pay the ultimate sacrifice.

A true investment in the future means investing in key areas of infrastructure now and not making short sighted cuts to vital areas that will only bring greater costs down the road.

Full funding of essential projects such as research in emerging health risks and disabilities, as well as the physical infrastructure of VA facilities will be the prudent choice now to stave off even greater financial burdens down the road. VA must meet these challenges with an adequate budget to fund these necessary aims.

## VA MEDICAL DISCRETIONARY PROGRAMS

P.L. 111-117

FY 2010 VA

Final Funding

PL. 111-322

FY 2011

VA Funding

President's

FY 2012 VA Budget Proposal

FY 2013

Proposed

Advance

Appropriations

American

Legion's

FY 2013

Request

Medical Services

\$34.7 billion

\$37.1 billion

\$39.5 billion

\$41.3 billion

\$38.1 billion

Medical Support & Compliance

\$4.9 billion

\$5.3 billion

\$5.4 billion

\$5.7 billion

\$5.3 billion

Medical Facilities

\$4.8 billion

\$5.7 billion

\$5.4 billion

\$5.4 billion

\$6.2 billion

Medical/Prosthetic Research

\$581 million

\$581 million

\$509 million

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\$600 million

Medical Care Collections Fund

[\$2.9 billion]

[\$2.9 billion]

[\$3.1 billion]

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Total Medical Care

\$47.9 billion

\$51.6 billion

\$53.9 billion

\$52.4 billion

\$50.2 billion

## VA NON-MEDICAL DISCRETIONARY PROGRAMS

PL. 111-117

FY 2010 VA

Final Funding

PL. 111-322

FY 2011

VA Funding

President's

FY 2012 VA Budget Proposal

American

Legion's

FY 2012

Request

Major Construction

\$1.2 billion



\$1.2 billion

\$590 million

\$1.2 billion

Minor Construction

\$703 million

\$703 million

\$550 million

\$800 million

State Veterans' Homes Construction Grants

\$100 million

\$100 million

\$85 million

\$100 million

State Veterans' Cemeteries Construction Grants

\$46 million

\$46 million

\$46 million

\$60 million

General Operating Expenses

\$2.1 billion

\$2.5 billion

\$2.5 billion

\$2.6 billion

Information Technology

\$3.3 billion

\$3.3 billion

\$3.2 billion

\$3.5 billion

National Cemetery System

\$250 million

\$250 million

\$251 million

\$260 million