

GEORGE LISICKI COMMANDER-IN-CHIEF VETERANS OF FOREIGN WARS OF THE UNITED STATES Accompanied by: William Bradshaw, Director, National Veterans Service; Robert E. Wallace, Executive Director; Dennis Cullinan, Director, National Legislative Service; Richard DeNoyer, Chairman, National Legislative Service

STATEMENT OF

GEORGE LISICKI
COMMANDER-IN-CHIEF
VETERANS OF FOREIGN WARS OF THE UNITED STATES

BEFORE THE

JOINT HEARING OF THE
COMMITTEES ON VETERANS' AFFAIRS
UNITED STATES SENATE AND
UNITED STATES HOUSE OF REPRESENTATIVES

TUESDAY, MARCH 4, 2008
9:30 AM

Chairmen Akaka and Filner, Ranking Members Burr and Buyer, Members of the House and Senate Veterans' Affairs Committees, Distinguished Comrades of the VFW and our Auxiliaries and our Honored Guests:

On behalf of the 2.3 million men and women of the Veterans of Foreign Wars of the U.S. and our Auxiliaries, I would like to express our gratitude for allowing us the opportunity to testify at this most important hearing. We appreciate this annual tradition, not for tradition's sake, but for the candid dialogue we have, and the special opportunity to present these legislative priorities before you in Congress.

We have enjoyed an excellent working relationship with these two Committees. We may not agree 100 percent on every issue, but you hear us out and let veterans have their voice. We are grateful for that. We appreciate the dedication and hard work of all of you on these Committees - an appreciation I would like to extend to your excellent staff. As always, we look forward to working with you in the coming year to improve programs and benefits for America's true heroes, our nation's veterans.

VA MEDICAL CARE

The Veterans Health Administration (VHA) is the largest direct provider of health care in the nation, providing care at 153 medical centers and over 730 outpatient clinics. VHA has four primary missions: Providing health care and services to America's sick and disabled veterans; Training and educating doctors, nurses and other health care professionals; Conducting world-class research into medical issues and on prosthetics, and; Serving as the nation's primary health care backup in times of war or domestic emergency. These four missions benefit not just veterans, but the entire American public; an investment in VA health care benefits all Americans.

The primary mission, though, remains the care of this nation's sick and disabled veterans. Nearly 8 million veterans are enrolled in the VA health care system, and about 6 million of them are expected to receive care, nearly double the number from a decade ago. Much of that increase is attributable to the improved access built into the system when VA shifted focus from an inpatient provider into more of an outpatient health care provider, but the increase also is partially attributable to an aging veterans population combined with an influx of our newest veterans: those sick and disabled veterans from OEF/OIF.

The growing demand for VA health care shows the importance of proper funding of the system. Despite all the wonderful work being done in the system - the delivery of care, the education of this nation's medical practitioners and research - and its dedicated track record of efficiency and technological innovation, we face difficult annual fights for funding. We sincerely appreciate the great strides that Congress has made in the last few years in increasing funding, but we must continue to urge for more. VA funding simply must keep pace with the growing demand for care.

According to VA's January 2008 statistics, 300,000 separated OEF/OIF veterans have sought care at VA out of a total potential pool of around 800,000. The VFW and the Independent Budget expects that around 85,000 new veterans from this group will seek care, necessitating a further increase in funding.

In the past, when finances were tight, VA has rationed health care and limited access. We are starting to see this again. In recent budget testimony, VA admits that around 70,000 veterans are in line, forced to wait weeks and months for their earned health care. This is unacceptable. Further, with the hundreds of thousands of Category 8 veterans completely shut out of the system, we are concerned that without proper funding levels, we could return to an era of health-care rationing.

Accordingly, the VFW, as part of the Independent Budget, recommends a funding level of \$42.8 billion for veterans medical care in FY 2009. This is \$1.6 billion above what the President has requested for medical care, and \$3.7 billion increase over the FY 2008 level. Full funding would allow VA to care for that increasing number of veterans and would provide enough staff to ensure that the quality of care does not erode, nor does access become a problem.

We must also be mindful of the long-term care needs of our veterans. VA has formed a worthwhile partnership with state nursing home programs to provide greater access to all veterans. It is essential that we fully fund these programs, especially as the veterans population grows older. We are concerned, however, with the overall direction of the program. VA continues to miss the Congressionally mandated average daily census requirement. We also want to see scrutiny of VA's Long-Term Care Strategic Plan, including full funding for the programs contained therein. We must also ensure that all gaps in care, especially for veterans

living in rural areas or veterans with specialized needs - such as spinal cord injuries - are cared for properly.

COPAYMENTS AND FEES

While we appreciate that the Administration did not include increased fees as part of their VA funding level, we must continue to oppose these increases in the pharmaceutical co-payment amount and the institution of an annual enrollment fee for Category 7 and 8 veterans.

It is easy to point to the richest veterans in Category 8 and say that they should have to pay. However, the vast majority of all veterans in those categories - especially those that actually seek care - could hardly be considered wealthy. For them, the proposed increases could have a dramatic impact, especially for those living in high-cost areas.

The proposed enrollment fee is a yearly fee. Even if the veteran goes to VA just once a year, they would still be subject to it. Also, the payment of the fee would not guarantee access to the system. Charging veterans to wait in line - as the 70,000 veterans currently in line are doing - is patently unfair.

The pharmaceutical copayment increase has the potential of costing a great number of veterans significant amounts of money. Nearly doubling the fee is unfair and unreasonable in many cases. We strongly oppose the Administration's proposal.

As in the past, we view these fees as a way for VA to ration health care services by limiting the number of veterans who would access the system. Increased fees would drive many veterans - including those who could not otherwise afford the services - from the system. This Congress has done the right thing in defeating these burdensome fees every other year in which they have been proposed, and we look forward to working with you to defeat them again.

HEALTH CARE FOR OEF/OIF VETERANS

As of January 2008, 799,791 OEF/OIF veterans have left active duty and become eligible for VA health care. Of those, 408,679 are from the National Guard or Reserves. The rest are Active Duty troops. From that pool of nearly 800,000 eligible, 37% have sought access at VA for their health care needs.

These are numbers that can only go up, especially with the roughly 200,000 troops in Iraq and Afghanistan. The demand for service has created some major challenges for VA. VA has responded, rightly, by making their health care a top priority. The VFW feels that we must do everything we can to ensure that these men and women are properly cared for. Their care is part of the ongoing cost of war and the fulfillment of that cost - a true national obligation - is central to the work of your Committees.

The health care problems this population faces have varied greatly, including the routine, but also a great number of issues that VA must place a special emphasis on. This includes mental health

issues such as PTSD and the war's signature wound, Traumatic Brain Injuries (TBI). The range of these problems, their complexities, and the many things we do not know about their effects or treatments have created problems for VA as well as DOD.

TBI - Explosive blasts from roadside bombs and other IEDs are causing devastating and often permanent damage to the brain tissue of affected veterans. Veterans with severe TBI will need a lifetime of intensive service to care for their disabilities, but we also need to study and develop programs for those suffering from mild or moderate TBI.

TBI can occur even without other forms of physical injury, making detection difficult. Likely many hundreds of OEF/OIF veterans are suffering from the effects of this condition, and are unaware of the condition.

There is much we do not know about TBI. Recent studies have suggested that even mildly impacted veterans can have long-term mental and physical health difficulties, and there is no clear treatment model to be followed, especially for those with moderate or mild impairment. Accordingly, we strongly urge VA to research the long-term consequences and to develop optimal treatment choices.

Mental Health - VA's January 2008 OEF/OIF treatment update shows that over 40% of all patients treated at VA have suffered from some form of mental health impairment - a truly staggering number. Among the over 120,000 OEF/OIF veterans who have been diagnosed with some degree of mental disorder, about half are suffering from PTSD. About one-third have been diagnosed with a depressive disorder. Nearly 25,000 have been diagnosed with an affective psychosis. It is clear that there is a problem. We must do everything we can to fix it, and to make these brave men and women as whole as we possibly can, giving them the treatment options they need to care for themselves and their families.

We need strong outreach programs that eliminate the stigma of mental illness or other barriers to care. Numerous studies have found that early treatment of many mental health illnesses leads to treatment that is more effective. We need meaningful post-deployment health assessments to provide useful data and information. They should be designed in a way that eliminates the disincentive service men and women sometimes feel in providing completely honest answers. We need regular screenings of at-risk veterans as part of the routine examinations to reduce the stigma of these types of care and treatment. We would like to see partnerships and participation that allow a veterans' family to participate and receive counseling. Providing a stable, safe and supportive home environment can only help to make the overall treatment course more effective. VA must adequately train its staff to ensure that they know how to deal with the sometimes-unique needs of these veterans, but also to recognize warning signs and other signals to get veterans into the programs they need. We need a continued emphasis on increasing the entry points for this care, especially with Vet Centers. Access to these essential treatments should be

as convenient as possible, increasing the likelihood that affected veterans utilize these essential services.

Suicide - The recent stories about the number of veterans who have killed themselves are truly heartbreaking. It is a national tragedy when just one veteran ends their own life; when as many as has been reported do, it is a national shame. VA has improved their outreach efforts, notably through the 1-800-273-TALK suicide prevention hotline, but more must be done.

This has been especially true in cases where the separating veteran is a member of the National Guard or Reserves. Too often, when they separate, they are away from their unit, thrust immediately into the difficult transition with little - if any - cooling off period. The stresses and strains placed on these men and women are incredible, and it is no wonder that so many of them have difficulties. A great number of these Guard and Reserve also find themselves returning to rural areas, where they are not just far away from the informal support network of their fellow veterans, but away from the services and programs provided to them for their benefit. We must do everything we can to ease their transition, to let them know the programs available to them, and to improve their access to these programs. With the problems they are dealing with internally, ease of access is paramount. The easier it is on them, the more likely they are to partake.

Polytrauma and other issues - There have been well over 3,000 grievously wounded service men and women since the wars began. These men and women are suffering from some truly traumatic injuries often to multiple physical regions or organ systems. These men and women sadly are going to need life-long care for these wounds and disabilities and are truly a national priority. VA has four polytrauma centers charged with overseeing the interdisciplinary treatment of these disabled veterans, with a fifth center in San Antonio coming on line soon. These centers must actively provide follow-up care with all their patients and fully support families or other caregivers. We need proactive solutions and oversight that VA is meeting the unique challenges of these patients.

Over 1,200 veterans have returned from these conflicts with serious eye injuries. Some result from shrapnel or other direct blows, and others are coincident with TBI and other conditions and illnesses. It is estimated that 60% of all TBI patients suffer from vision impairment to some degree. To that end, we were pleased to see passage of the Center of Excellence for eye injuries authorized last year. Tracking, researching, and providing treatment for these often debilitating impairments is a necessary step. We are concerned, however, that funding was not appropriated for this important project and that it has not moved forward. We would urge that this program be fully funded and begin operations as soon as possible.

SUFFICIENT, TIMELY AND PREDICTABLE VA FUNDING

Despite the best efforts of all of those in Congress, the VFW remains concerned with the current discretionary funding process for VA. While great strides have been made in the yearly increases provided to VA, we are concerned that that same political will may not be there in the future once

the nation's attention shifts from the overseas conflicts. Further, we are disappointed with the timeliness of the health care budget. For 13 of the last 14 years, VA has not had its health care budget when the fiscal year began, forcing VA to make do with insufficient funding under continuing resolutions. We have also seen in previous years the need to go back to the drawing board halfway through the fiscal year to provide more money for VA through an emergency supplemental appropriation because insufficient money was provided the first time. Taken together, these all point to a system that is broken and a system badly in need of reform.

VA's hospital managers cannot be expected to efficiently manage and plan for the health care needs of this nation's veterans when they are unsure of their funding level from year to year and when the budget they do receive is months late. This yearly uncertainty impairs VA's ability to recruit and retain staff - a significant challenge recently with specialty care providers - contract for services and perform proper planning and other administrative functions.

We call on Congress and the administration to reform the budget process. We need an assured funding mechanism that provides VA with a sufficient, predictable and timely funding stream so that VA can efficiently and effectively provide first-rate health care to this nation's veterans.

VA CONSTRUCTION

The VFW is concerned with the under-funding of the construction budget. Despite hundreds of pages of supporting documents covering millions of dollars of projects, the administration's request essentially halves construction funding over the previous year's level. This will not meet the long-term needs of America's veterans.

For major construction, the President has requested just \$581 million, a cut of \$487 million and well below the \$1.275 billion called for by the VFW and other members of the Independent Budget. While we appreciate that it begins the funding process of three new construction projects, if enacted, it would result in a \$2 billion backlog of construction that would have to be funded in future years. At the pace of this request, it would take over five years to fully fund that backlog and several more years beyond that for construction to actually be completed.

The administration has requested \$329 million for minor construction, which is a cut of \$301 million over the previous year's funding level. It is also far below the \$621 million we have suggested in the IB. VA's budgetary documents list 145 separate minor construction projects it would like to be in the next fiscal year. Using the average cost of construction for a minor construction project from fiscal year 2008 - which is over \$5 million per project - the funding level is clearly not sufficient to meet VA's own priorities.

Another area of concern is with respect to nonrecurring maintenance. This funding enables VA facilities to make smaller repairs such as fixes to a roof, or repairs to an electrical system or even cosmetic improvements to improve the quality of the health-care environment. Industry standard is for a medical facility to spend between two and four percent of plant replacement value on these projects. Accordingly, VA should spend between \$800 million and \$1.6 billion. We were pleased to see the administration request \$802 million, but this is the low end of what is needed.

In fiscal year 2007, VA acknowledged a \$5 billion backlog in maintenance needs as part of their facilities condition assessment program. The administration's request is for the bare minimum needed to maintain current facilities; it will not let VA cut into that backlog in a meaningful way. Accordingly, we urge increased funding for this account.

VA CLAIMS BACKLOG

VA has nearly 900,000 individual claims and appeals for compensation, pension and education benefits. This is a massive backlog of claims, which has resulted in six-month waits for initial ratings decisions. This is unacceptable.

The majority of those claims are for disability compensation. Any delay in providing benefits to these wounded and disabled veterans makes it hard for them to care for themselves and their families. Further, because VA health care is curtailed to great numbers of non-service-connected veterans, delays in compensation decisions deny these veterans the health care and treatments they need to lead productive lives.

There are many reasons for the backlog, including an increasing complexity of claims. Court decisions and changes to law have also caused the system to grow in complexity. Although the net result is a better benefit for veterans, it creates management and administrative challenges, which VA has had a difficult time meeting.

Staffing levels have also contributed to the problem. We sincerely appreciate the significant boost in claims decision raters you provided last year, but we need a continued staffing level and assurances that there will not be cuts in the future. Uncertainty in the yearly budget process, as well as the lateness of a number of funding bills over the last few years, have created difficulties for VA's hiring managers in sufficiently staffing the department and meeting the needs of veterans.

These are problems that have boiled up over the years, interwoven with each other, and become more complex. Despite our deepest hopes, there is no quick fix to VBA; there is only the opportunity for steady and deliberate improvement. Any single plan to make the claims processing system simple and easy will make things only marginally simpler and easier on the VA bureaucracy and will occur at the expense of the rights and benefits of at least some veterans, dependents and survivors. Any such plan is simply unacceptable.

In testimony before your committees and in the Independent Budget, we have offered some answers to some of the problems, but we cannot wave a magic wand and make the problem go away. Our suggestions have included improvements to the funding process; an increased emphasis on accuracy of ratings decisions over speed, which would reduce the demand for appeals; improvements in staff education and training; increased use of technology, especially in assisting in determining whether a claim is fully developed or even in making simple ratings decisions, and, especially; improvements in the electronic medical record, allowing VA and DOD to share appropriate medical and personnel information, and giving all pertinent information to the claims raters to speed the adjudication process.

CLAIMS ACCURACY

The VFW is greatly concerned with the accuracy of VBA's claims ratings decisions. VA's own quality measurements show that VA makes a significant error in over 100,000 cases each year. This is grossly unfair to our sick and disabled veterans. After waiting months for a single ratings decision, they are too frequently left with an incorrect decision. We cannot accept this.

The poor quality of these decisions only exacerbates VA's problems. In most cases, a veteran will file an appeal, adding to the swollen backlog. This clearly could have been avoided had the case been resolved accurately in the first place. Of special concern to the VFW, however, is the number of veterans who give up out of frustration. We have a wide network of excellent service officers throughout the country, but we can only help those who seek us out. For a veteran who navigates the bureaucratic process without a service officer to guide them, it can be a nightmare, and a number of them likely give up. When they give up, they lose their earned benefits, their necessary disability compensation and access to health care. This is not how a nation should treat its heroes.

To improve this, VA must improve education and training for the claims adjudicators. With the significant numbers of new claims raters added over the last few years, this is especially true. Rating claims can be a challenging process, especially with the complexities many claims present. We need steady leadership and an emphasis on getting it right the first time, and that timeliness cannot override the need for accuracy. Veterans deserve a system that can do both efficiently.

SEAMLESS TRANSITION

When our servicemen and women return from overseas, we need a system in place and cooperation among the Departments of Defense and Veterans Affairs to ensure the smoothest possible transition. As they move from active to veteran status, there should not be any bumps in the road, nor delays because of bureaucracy. These delays force veterans to wait months for benefits and health care that they have earned by virtue of their service to this nation. We must do everything we can to create a truly seamless transition.

The VFW envisions a system where an electronic medical and personnel file is created the day a service member enlists. This electronic record should follow them wherever they are stationed. When they separate or retire, it should be automatically sent to VA, facilitating their health care and disability claims, and will be continuously updated no matter which VA facility the veteran uses, giving the veteran and their medical providers easy access to any information they may need.

The smooth flow of information between the two departments and among facilities would help to ensure the high quality of care for the veteran, but would also greatly assist in the benefits process. With the veterans' full history in one file, disability claims development would become a simpler process, and it would lead to more timely, higher-quality and efficient ratings decisions.

We must also ensure that service men and women are taking full advantage of all the transition and separation services afforded to them, such as DOD's pre-separation counseling and the

Transition Assistance Program (TAP). All veterans should have access to these programs at hours convenient to them. We believe that these programs should also continue to emphasize the rights these men and women have for VA health care and benefits, but also for the programs available to them to assist with employment and job training.

The seamless transition is a problem that is talked about much, but one with little result. We need this Congress to exercise its oversight authority to ensure that VA and DOD are showing true leadership in these issues instead of fighting turf battles over what their respective roles are. With the hundreds of thousands of separating service members who fought in Iraq and Afghanistan over the last few years, this is of increasing importance. We need you to do what is right.

TASK FORCE AND COMMISSION REPORTS

The last year has seen the release of two major reports with hundreds of recommendations with respect to the seamless transition and the veterans disability compensation system. The VFW urges careful and deliberate consideration and study of these important recommendations to ensure that any transformations to the systems in place truly benefit all service members and veterans.

We understand and greatly appreciate the interest that everyone in Congress has taken with respect to these important issues. We can see - through the many bills introduced in Congress - that these are issues our elected leaders are responding to and that they are issues in which the American public is taking a great interest.

The VFW, too, seeks improvements for America's veterans. We believe, however, that it is necessary to take a step back and thoroughly study the effects of any potential changes in the disability ratings schedule before moving ahead on dramatic changes that would permanently alter the system. We urge careful consideration of any proposals, and we especially urge a close study of the recommendations of the Veterans Disability Benefits Commission (VDBC.)

Congress chartered the VDBC in 2004 to study the benefits that compensate and assist veterans and their survivors for disabilities and death attributable to military service. For three years, the VDBC produced original research through close work with respected organizations as well as through interviews and investigations that it conducted on its own. Its thorough 562-page report listed 113 detailed recommendations, all predicated on that close study and expert analysis of the entirety of the compensation system.

The VFW understands the desire to take action, especially with respect to the President's Commission on Care for America's Wounded Warriors - the Dole/Shalala Commission. This Commission was created in March 2007 as the Administration's response to the outpatient housing debacle at Walter Reed Army Medical Center, and because of the time constraints written into the executive order establishing the Commission, it had four short months to study a range of issues beyond just the disability compensation system. Its final 149-page report included six broad recommendations, the best of which we were happy to see included as part of

the Wounded Warrior legislation that was enacted as part of the National Defense Authorization Act.

We are concerned that in the effort to do something now, Congress is going to create a system that does not meet the needs of veterans, or that creates a wealth of additional problems that we, in turn, will have to fix in the coming years. For example, we are especially concerned with the Dole/Shalala Commission's recommendations to create a two-tiered disability compensation system, which awards different levels of compensation for the same injury to different veterans simply based upon when the injury occurred. That is clearly an issue of fairness and equity.

Congress must reject any changes to the well-established policy of providing veterans with identical disabilities equal compensation and other benefits. Specifically, benefits should be uniformly based on severity of service-connected disability without regard to the circumstances of the disability, e.g., wartime versus peacetime; training; or geographic location.

Everyone wants to do what's best for our troops and for our veterans - to include all the members of both commissions - but what we absolutely must not do is create conditions that could cause the VA to fail in its primary mission. We cannot afford to rush into a decision that is going to affect so many millions of men and women who wore the uniform in defense of this great country.

The VFW calls on your Committee and the entire Congress to thoroughly evaluate the recommendations from both Commissions before taking action. The changes we make to the system do not exist in a vacuum. Every little alteration affects great numbers of service men and women now and into the future. We must be diligent and attentive to the changes that we make and ensure that, whatever we do, it is truly in the best interest of America's veterans.

COMPENSATION AND PENSION ISSUES

The VFW, as we do every year calls for a cost-of-living adjustment to all appropriate veterans benefits. Increasing the rates of monthly compensation, DIC and other important programs prevents the erosion of these benefits due to inflation, and allows these sick and disabled veterans to keep pace, enabling them to provide for their families.

We would, however, continue to oppose VA's efforts to round down the rates of compensation to the nearest whole dollar. This was originally started as an attempt to temporarily reduce the budget deficit, but has been on-going for years. Over a year or two the effects on veterans are minimal, but for the length of time this practice has been in effect, it could be costing veterans a hundred or more dollars a year, and as time goes on with this unfair practice in effect, that amount will only increase. We see no need to balance the budget on the backs of our sick and disabled veterans, who really rely on the modest compensation levels to care for their families. While seventy five cents might seem trivial, when that amount is magnified over an extended period of time it adds up, robbing our veterans of their earned compensation. We must fix this.

With recent efforts to take a closer look at VA's disability compensation practices, the VFW must reaffirm our strong support of the current standards and definitions of service connection. Recent talk has centered on whether this should be adjusted to a "performance of duty" standard. We could not disagree with that further.

A veteran is on call 24 hours a day, 7 days a week. Few military members have a standard 8-hour work day, and they must be ready to do what is asked around the clock. Even when not involved in tasks directly in support of their military career, they are still held responsible as members of the military. There is no clear demarcation between when a serviceman or woman is on the clock, and when they are not. Further, the unique characteristics of military service create physical and mental stresses even when not directly at a post. There is nothing in the civilian world which can compare. We have also seen that military personnel especially those servicing overseas are at increased risk of injury or disease at all hours.

For these reasons, it must stand that an illness or disability must only manifest itself "coincident with" military service. Any changes to this standard would erode this necessary compensation, and could cynically be viewed as a budget-cutting maneuver.

We strongly urge this Congress to reject any and all changes to these definitions.

VA HOME LOAN PROGRAMS

The home loan program is an essential transition benefit, which allows veterans access to the true American dream: home ownership. It is a program that does wonderful things for our former service members.

We are concerned, however, with the recent reliance on fees to fund this and other veterans' programs. These fees, which come directly out of the veterans' pocket, should be repealed, especially because their original intent was for a deficit reduction measure. Veterans have already done much for this country, and they should not be penalized further. We must also prevent any future increases, and refrain from using these fees to subsidize other veterans programs, as has been done in the recent past. No veteran should be forced to pay for another veteran's benefits. That is a job for a grateful nation.

ADAPTIVE GRANTS

VA provides adaptive housing grants to certain disabled service members to help these men and women afford modifications to a house to increase their mobility. These are essential increases which truly help our disabled veterans. We would urge Congress to increase the amount of these grants, but also make sure that their value is indexed to the cost of living, so that the value of this important benefit does not erode.

We would also urge Congress to approve legislation that would allow VA to provide a second grant to a veteran should they change houses. As families grow bigger or leave the house, the needs of a veteran may change, and we should not stick them with a house that does not suit their needs. Giving them a second grant for these essential adaptations would also allow a veteran whose mobility or configuration demands change to upgrade their homes.

VA also provides grants to help cover the costs of automobiles and adaptations to them. This important benefit has not kept pace with the rising costs of inflation. The veterans eligible for this program are among the most severely disabled and often experience great mobility problems. Even where public transportation is available, it is not typically a viable option. Many of these veterans require handicap-equipped vans or large sedans, which cost well above the \$11,000 allowance.

When the program was first created, it was traditionally indexed to around 85% of the average cost of an automobile. The VFW believes that an amount of 80% of the average new car price would be appropriate. We urge you to pass legislation to improve that, but also to index the amount in the future with the average cost of a new car.

INSURANCE PROGRAMS

VA runs a number of insurance programs that were designed to provide life insurance coverage to veterans and service members who may have difficult finding affordable coverage in the private sector due to their service-connected disabilities or because of the unique challenges of military service. By and large these are effective and meaningful programs, but there are a few changes we would like to see.

On the Service Disabled Veterans Insurance (SDVI) program, the VFW calls for changes to the actuarial table to reflect more modern conditions. The mortality table upon which rates are based comes from 1941 and does not reflect the longer life spans of those living today. Accordingly, SDVI is no longer competitive with private insurance and is increasingly losing its value to veterans. Congress must enact legislation to require VA to update the mortality table it uses when determining the premiums veterans must pay.

Additionally, the maximum coverage under the base SDVI program is a meager \$10,000. Amazingly, this is a number that remains from the original War Risk Insurance program of 1917. After 90 years, veterans are more than due for an increase. An amount of \$50,000 would make a noticeable effect in the quality of lives of the veterans' survivors.

We also believe that it is time to increase Veterans' Mortgage Life Insurance (VMLI). This insurance program covers severely disabled veterans, allowing them to more easily obtain home loans. The amount of coverage has not increased since 1992, and has remained at \$90,000 despite the huge increases in housing costs over the last fifteen years. These severely disabled veterans likely cannot obtain affordable secondary mortgage insurance to cover the gaps between what VA provides and what the mortgage issuers require, so we must increase the benefit to at least \$150,000.

MONTGOMERY GI BILL (MGIB)

The VFW strongly supports a GI Bill for the 21st Century that is modeled on the WWII GI Bill. Our vision is for a GI Bill that pays the full costs of attendance - to include tuition, books, room and board, and a living stipend - to any college or university at which a veteran is accepted.

The WWII GI Bill is credited with transforming society, by creating the middle class. The education and training that these returning heroes received allowed them to take their place as the leaders of the work force. The GI Bill is a great tool for social mobility, allowing those who otherwise would not have had access to an education, the opportunity to better themselves and assist their families. Further, several years ago, the Senate Education Committee issued a report that found that the initial WWII GI Bill paid for itself because of these effects and the increased tax revenue they provided. It is clearly a program that benefits society and is a worthy investment.

The MGIB receives a cost-of-living increase each year, but that rate is far below the sky-rocketing increases in college tuition costs. According to the College Board, after adjusting for inflation, college costs have increased by 35% in recent years. Even with the substantial increases of a few Congress' ago, the value of the benefit continues to erode as the MGIB pays for an increasingly smaller share of the costs of attendance. It is time we look at increasing these benefits.

The VFW also believes that we must do more to improve upon the benefits given to our Guard and Reserve forces. The nature of the service that the Guard and Reserve are providing has changed dramatically over the last twenty years. In Iraq and Afghanistan tens of thousands of these citizen soldiers have been used as active duty troops for extended periods of time, yet most find themselves without benefits that correspond to their service. The current \$317 monthly stipend is just 29% of the \$1101 monthly active duty benefit. This is far short of the historical 47% difference.

To that end, we applaud the creation of the Reservists Educational Assistance Program (REAP), which creates a sliding scale of enhanced eligibility depending on how long a member of the guard or reserve has served on active duty. After as little as 90 days of service in Iraq or Afghanistan, an eligible service member can receive an enhanced benefit of 40% of the active duty rate. We also applaud the recent changes, making the Guard and Reserve GI Bill portable. Allowing them to take their earned educational benefits with them is the right thing to do, especially given their contributions to the wars overseas.

However, we can and must do more. The VFW strongly urges Congress to allow the guard and reserve to count their total aggregate service for purposes of MGIB eligibility. Currently, to qualify for the Active-Duty rate, they need 24 continuous months of service. What happens though is that the guard and reserve are typically rotated out of active duty before that time period. This resets their clock even if, as a great number of the men and women serving have done, they are re-deployed later on. The guard and reserve make up about half the total force in Iraq and are serving on deployments as long as their Active Duty counterparts, but receiving benefits far below them. Allowing them to qualify based upon the aggregate months of service is clearly the right thing to do to acknowledge their valuable contributions as activated active duty contributors.

The VFW also strongly supports the repeal of the \$1,200 buy-in that is required for eligibility of

the MGIB program. No other form of Federal student aid requires the user to purchase eligibility, and it should not be this way for those who put their lives on the line to defend this country.

The current buy-in allows a service member to have only one chance for eligibility. Upon joining, the service member either has to buy in, by having \$100 withdrawn from their first 12 monthly paychecks, or they forever lose eligibility. Not only is the amount unfair - E-1 service men and women make just over \$1,300 per month - but it can be a difficult financial decision, especially if the service member has a family to support.

Additionally, we disagree with forcing them to make such an important decision in their lives at such an early time. Circumstances change, and people's priorities change. The young kid who walks into the military as an 18-year old isn't necessarily the same one that walks out a few years later. The narrow rules of eligibility hurt the veteran who later decides that getting a good education is the best thing for him in life. We need a GI Bill that not only adapts with the changing character of service, but with the changing character of those who wear the uniform.

VOCATIONAL REHABILITATION AND EMPLOYMENT

The influx of service-disabled veterans, is creating new challenges in vocational rehabilitation and employment, and we must have programs that adapt.

We applaud the end goal of these programs, but we need programs that look to the future. They should not be about finding a quick job for veterans, but for giving them the training, education and skills they need to have a meaningful career so that they can care for themselves and their families. We must be mindful of the long term and not just the quick fix. To be truly effective, the program must be focused on a goal of avoiding disability-related unemployment later in life. In addition, the VFW will continue to ensure that all eligible veterans retain their veterans' preference rights.

HOMELESSNESS

VA has estimated that there are over 200,000 homeless veterans in this country. This is a national tragedy. VA has made it a goal to end veterans' homelessness within a decade, something we strongly support. It is an effort that will take lots of time, energy and resources, but it is something we must strive for. No one who has worn the uniform of this great nation should have to suffer these problems. We must do everything we can to give them a hand up, providing them with the health care, education and training they need to get back on to their feet and into productive society. We need to do more with outreach. VA has a wide variety of programs and partnerships with state and local officials, but we need to do more to ensure that these programs are helping all who need them. Together, we can make a meaningful impact in these veterans' lives.

ACTIVE DUTY ISSUES

With the ongoing war, we must focus attention on the important quality of life issues for those currently on the front lines.

We must strive for pay comparability with the private sector so that the military remains a viable career choice for many men and women, and we must ensure that fair-priced, quality housing is readily available and that the assistance provided to our service men and women keeps pace with the escalating housing prices in certain areas.

The VFW also calls for improvements to family readiness and various support structures to help them deal with the impact of frequent deployments. We need strong, effective outreach so that everyone is aware of the assistance available to them, and so that they can properly plan for the emotional difficulties and financial changes when a service member deploys. We need improvements to child care and education and training and educational opportunities for military spouses so that their family members are cared for, giving them piece of mind while they defend this country. We also need effective mental health programs so that service members and their families can effectively deal with the unique stresses and strains of wartime service. We can and must do more to help those who wear the uniform of this great nation.

POW/MIA ISSUES

The VFW has an unwavering commitment to obtaining a fullest possible accounting for those warriors still missing. This is the most sacred of missions and none of our members will truly rest until we know the whereabouts of every one of our men and women who have served in uniform, even for those who have paid the ultimate price. We urge full funding for this important mission.

Mr. Chairman, I again thank you for the honor to present the VFW's priorities to you. I would be happy to answer any questions that you or the members of the committees may have.