

STEVE ROBERTSON, DIRECTOR, NATIONAL LEGISLATIVE COMMISSION, THE AMERICAN LEGION

STATEMENT OF  
STEVE ROBERTSON, DIRECTOR  
NATIONAL LEGISLATIVE COMMISSION  
THE AMERICAN LEGION  
BEFORE THE  
COMMITTEE ON VETERANS' AFFAIRS  
UNITED STATES SENATE  
ON  
THE DEPARTMENT OF VETERANS AFFAIRS  
FISCAL YEAR 2010 BUDGET REQUEST

MARCH 10, 2009

Mr. Chairman and Members of the Committee:

The American Legion welcomes this opportunity to comment on President Obama's "top line" budget request for Fiscal Year 2010. The American Legion is pleased by the \$113 billion total appropriations for the Department of Veterans Affairs (VA) in FY 2010 and the projected \$57 billion in mandatory appropriations and \$56 billion in discretionary appropriations.

As a nation at war, America has a moral, ethical and legal commitment to the men and women of the Armed Forces of the United States and their survivors. These current defenders of democracy will eventually join the ranks of their 23.5 million comrades, we refer to as veterans. The active-duty, Reserve components and veterans continue to make up the nation's best recruiters for the armed forces. Young men and women across the country see service members and veterans as role models. Chances are before enlisting in the armed forces, these young people will seek the advice of those they see in uniform or family members who served in the armed forces for their recommendations on military service.

Therefore, it is absolutely critical that the entire veterans' community (active-duty, Reserve component, and veterans) continue to remain supportive of honorable military service. No service member should ever be in doubt about:

- 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.

The American Legion and many other veterans' and military service organizations are united in advocating enactment of timely, predictable and sufficient budgets for VA medical care. In FY 2009, Congress passed and the President signed this budget at the start of the fiscal year. Clearly, Secretary Shinseki is much more fortunate than many of his colleagues in the Cabinet because he has a timely, predictable and sufficient budget with which to administer. The American Legion

urges Congress to once again pass the VA budget for FY 2010 prior to the start of the fiscal year - it does make a difference!

Mr. Chairman, The American Legion sincerely appreciated your introduction of S. 423, Veterans Health Care Budget Reform and Transparency Act of 2009. This legislation should help achieve the timeliness and predictability goals, while giving us the remainder of the budget cycle to assure the sufficiency goal. Working together, the veterans' community is actively seeking additional cosponsors to this legislation.

Mr. Chairman and Members of the Committee, The American Legion greatly appreciates the provisions contained in the American Recovery and Reinvestment Act:

- **A Tax Credit for Hiring Unemployed Veterans:** Provides a tax credit to businesses for hiring unemployed veterans. Specifically, veterans would qualify if they were discharged or released from active duty from the Armed Forces during the previous five years and received unemployment benefits for more than 4 weeks before being hired.
- **Disabled Veterans Payment of \$250:** Provides a payment of \$250 to all disabled veterans receiving benefits from the Department of Veterans Affairs. **VA Medical Facilities:** Provides \$1 billion for non-recurring maintenance, including energy efficiency projects, to address deficiencies and avoid serious maintenance problems at the 153 VA hospitals across the country.
- **Increase the Number of VA Claims Processors:** Provides \$150 million for an increase in VA claims processing staff, in order to address the large backlog in processing veterans' claims. This backlog has been a key complaint of veterans across the country.
- **Improve Automation of VA Benefit Processing:** Provides \$50 million to improve the automation of the processing of veterans' benefits, to get benefits out sooner and more accurately.
- **Construction of Extended Care Facilities for Veterans:** Provides \$150 million for state grants for the construction of additional extended care facilities for veterans.

After reviewing the Office of Management and Budget's website with regards to the President's "top line" Budget Request for the Department of Veterans Affairs, The American Legion renders its support as follows:

- Increases funding for the Department of Veterans Affairs by \$25 billion above baseline over the next five years. - Supported by The American Legion\*
- Dramatically increases funding for veterans health care. - Supported by The American Legion\*
- Expands eligibility for veterans health care to over 500,000 veterans by 2013. - Supported by The American Legion\*
- Enhances outreach and services related to mental health care and cognitive injuries, including post-traumatic stress disorder and traumatic brain injury, with a focus on access for veterans in rural areas - Supported by The American Legion\*
- Invests in better technology to deliver services and benefits to veterans with the quality and efficiency they deserve. - Supported by The American Legion\*

- Provides greater benefits to veterans who are medically retired from service. - Supported by The American Legion\*
  - Combats homelessness by safeguarding vulnerable veterans. - Supported by The American Legion\*
  - Facilitates timely implementation of the comprehensive education benefits that veterans earn through their dedicated military service. - Supported by The American Legion\*
- \* All support is contingent upon the release of the budget request in April.

On September 11, 2008, The American Legion National Commander David Rehbein testified before a joint session of the congressional Committees on Veterans' Affairs. In that testimony, he clearly outlined the funding recommendations for FY 2010. I am here today to re-emphasize that support for certain specific areas.

### Medical Care Collections Fund

The Balanced Budget Act of 1997, Public Law (P.L.) 105-33, established the VA Medical Care Collections Fund (MCCF), requiring amounts collected or recovered from third-party payers after June 30, 1997, be deposited into this fund. The MCCF is a depository for collections from third-party insurance, outpatient prescription co-payments and other medical charges and user fees. Funds collected may only be used to provide VA medical care and services, as well as VA expenses for identification, billing, auditing and collection of amounts owed the federal government.

The American Legion supported legislation to allow VA to bill, collect, and reinvest third-party reimbursements and co-payments; however, The American Legion adamantly opposes the scoring of MCCF as an offset to the annual discretionary appropriations since the majority of these funds come from the treatment of non-service-connected medical conditions. Previously, these collection goals have far exceeded VA's ability to collect accounts receivable.

Since FY 2004, VHA's total collections increased from \$1.7 billion to \$2.2 billion; a 29.4 percent increase. The third-party component of VA's collections also increased from \$960,000 to \$1.26 million; a 31.3 percent increase.

VA's ability to capture these funds is critical to its ability to provide quality and timely care to veterans. Miscalculations of VA required funding levels result in real budgetary shortfalls. Seeking an annual emergency supplemental is not the most cost-effective means of funding the nation's model health care delivery system. Government Accountability Office (GAO) reports continue to raise the issue of VHA's ability to capture insurance data in a timely and correct manner. In addition, they continue to express concerns of VHA's ability to maximize its third-party collections.

According to a 2008 GAO report, VA lacks policies and procedures and a full range of standardized reports for effective management oversight of VA-wide third-party billing and collection operations. Further, although VA management has undertaken several initiatives to enhance third-party revenue, many of these initiatives are open-ended or will not be implemented for several years. Until these shortcomings are addressed, VA will continue to fall short of its

goal to maximize third-party revenue, thereby placing a higher financial burden on taxpayers. In addition, GAO recommended an improvement of third-party billings; follow-up on unpaid amounts, and management oversight of billing and collections.

The American Legion opposes offsetting annual VA discretionary funding by the MCCF goal.

#### Third-Party Reimbursements for Treatment of Service-Connected Medical Conditions

Recently, there has been some talk about VA seeking third-party reimbursements from private health care insurers for the treatment of service-connected medical conditions. The American Legion believes that this would be inconsistent with the mandate "... to care for him who shall have borne the battle...." The United States government sent these men and women into harm's way, not private insurance companies.

Should private insurance companies be required to reimburse VA for the treatment of service-connected medical conditions, The American Legion has grave concerns over the adverse impact such a policy change would have on service-connected disabled veterans and their families. Depending on the severity of the medical conditions, those medical insurance policies with a calendar year benefit maximum or a life-time benefit maximum could result in the rest of the family not receiving any health care benefits. Many health insurance companies require deductibles to be paid before any benefits are covered.

In addition, there is concern as to what premiums would be to cover service-connected disabled veterans and their families with private health insurance, especially those who are small business owners or self-employed. The American Legion is also concerned with employers who would be reluctant to hire service-connected disabled veterans because of the impact their employment might have on company health care benefits.

The American Legion adamantly opposes any legislative initiative that would require third-party reimbursements from private health insurance providers for the treatment of service-connected disabled veterans by VA.

#### Medicare Reimbursements

As do most American workers, veterans pay into the Medicare system, without choice, throughout their working lives, including while on active duty or as active service Reservists in the Armed Forces. A portion of each earned dollar is allocated to the Medicare Trust Fund and, although veterans must pay into the Medicare system, VA is prohibited from collecting any Medicare reimbursements for the treatment of allowable, non-service-connected medical conditions. Since over half of VA's enrolled patient population is Medicare-eligible, this prohibition constitutes a multi-billion dollar annual subsidy to the Medicare Trust Fund.

The American Legion would support a legislative initiative to allow VHA to bill, collect and reinvest third-party reimbursements from the Centers for Medicare and Medicaid Services for the treatment of allowable, non-service-connected medical conditions of enrolled Medicare-eligible veterans. This legislative change would generate approximately \$3 - 5 billion in new third-party collections annually. The Congressional Budget Office predicts that enrolled veterans in Priority

Groups 7 and 8 alone would generate \$12 billion from 2010 to 2014 and \$26 billion from 2010 to 2019.

### State Extended Care Facility Construction Grants Program

Since 1984, nearly all planning for VA inpatient nursing home care has revolved around State Veterans' Homes (SVHs) and contracts with public and private nursing homes. The reason for this is obvious: for FY 2004, VA paid a per diem of \$59.48 for each veteran it placed in SVHs, compared to the \$354 VA claims it cost in FY 2002 to maintain a veteran for one day in its own nursing home care units (NHCUs).

Under the provisions of title 38, USC, VA is authorized to make payments to states to assist in the construction and maintenance of SVHs. Today, there are 133 SVHs in 47 states with over 27,000 beds providing nursing home, hospital, and domiciliary care. Grants for Construction of State Extended Care Facilities provide funding for 65 percent of the total cost of building new veterans' homes. Recognizing the growing LTC needs of older veterans, it is essential the State Veterans' Homes Program be maintained as an important alternative health care provider to the VA system.

The American Legion opposes attempts to place a moratorium on new SVH construction grants. State authorizing legislation has been enacted and state funds have been committed. Delaying projects will result in cost overruns and may result in states deciding to cancel these much needed facilities.

The American Legion supports increasing the amount of authorized per diem payments to 50 percent for nursing home and domiciliary care provided to veterans in State Veterans' Homes; providing prescription drugs and over-the-counter medications to State Homes Aid and Attendance patients along with the payment of authorized per diem to State Veterans' Homes; and allowing full reimbursement of nursing home care to 70 percent or higher service-connected disabled veterans, if those veterans reside in a State Veterans' Home.

The American Legion recommends \$275 million for the State Extended Care Facility Construction Grants Program in FY 2010.

### Medical and Prosthetics 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.

The American Legion also supports adequate funding of other VA research activities, including basic biomedical research and bench-to-bedside projects for FY 2010. 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.

The American Legion recommends \$532 million for Medical and Prosthetics Research in FY 2010.

### Blinded Veterans

There are currently over 35,000 blind veterans enrolled in the VA health care system. Additionally, demographic data suggests that in the United States, there are over 160,000 veterans with low-vision problems who are eligible for Blind Rehabilitative services. Due to staffing shortages, over 1,500 blind veterans will wait months to get into one of the 10 blind rehabilitative centers.

VA currently employs approximately 164 Visual Impairment Service Team (VIST) Coordinators, to provide lifetime case management to all legally blind veterans and all Operation Enduring Freedom/Operation Iraqi Freedom (OEF/OIF) patients, and 38 Blind Rehabilitative Outpatient Specialists (BROS) to provide services to patients who are unable to travel to a blind rehabilitation center. The training provided by BROS is critical to the continuum of care for blind veterans. In addition, the DOD medical system is dependent on VA to provide blind rehabilitative services.

Given the critical skills a BROS teaches to help blind veterans and their families adjust to such a devastating injury, The American Legion urges VA to recruit more specialists and continue with expansion of Blind Rehabilitation Outpatient Specialists and Visual Impairment Services Teams.

### Major VHA Construction

The CARES process identified approximately 100 major construction projects throughout the VA Medical Center System, the District of Columbia, and Puerto Rico. Construction projects are categorized as major if the estimated cost is over \$10 million. Now that VA has disclosed the plan to deliver health care through 2022, Congress has the responsibility to provide adequate funds. The CARES plan calls for the construction of new hospitals in Orlando and Las Vegas and replacement facilities in Louisville and Denver for a total cost estimated over \$1 billion for these four facilities.

VA has not had this type of progressive construction agenda in decades. Major construction costs can be significant and proper utilization of funds must be well planned. However, if timely completion is truly a national priority, The American Legion continues to have concerns due to inadequate funding.

In addition to the cost of the proposed new facilities, there are many construction issues that have been "placed on hold" for the past several years due to inadequate funding and the moratorium placed on construction spending by the CARES process. One of the most glaring shortfalls is the neglect of the buildings sorely in need of seismic correction. This is an issue of safety. The delivery of health care in unsafe buildings cannot be tolerated and funds must be allocated to not

only construct the new facilities, but also to pay for much needed upgrades at existing facilities. Gambling with the lives of veterans, their families and VA employees is absolutely unacceptable.

The American Legion believes VA has effectively shepherded the CARES process to its current state by developing the blueprint for the future delivery of VA health care - we urge Congress to adequately fund the implementation of this comprehensive and crucial undertaking.

The American Legion recommends \$1.8 billion for Major Construction in FY 2010.

#### Minor VHA Construction

VA's minor construction program has also suffered significant neglect over the past several years. Maintaining the infrastructure of VA's buildings is no small task, due to the age of these buildings, continuous renovations, relocations and expansions. When combined with the added cost of the CARES program recommendations, it is easy to see that a major increase over the previous funding level is crucial and overdue.

The American Legion recommends \$1.5 billion for Minor Construction in FY 2010.

#### Information Technology Funding

Since the data theft occurrence in May 2006, the VA has implemented a complete overhaul of its Information Technology (IT) division nationwide. The American Legion is hopeful VA takes 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.

Within VA Medical Center Nursing Home Care Units, it was discovered there was conflict with IT and each respective VAMC regarding provision of Internet access to veteran residents. VA has acknowledged the Internet would represent a positive tool in veteran rehabilitation. The American Legion believes Internet access should be provided to these veterans without delay for time is of the essence in the journey to recovery. In addition, veterans should not have to suffer due to VA's gross negligence in the matter.

The American Legion hopes Congress will not attempt to fund the solution to this problem with scarce fiscal resources allocated to the VA for health care delivery. With this in mind, The American Legion is encouraged by the fact that IT is its own line item in the budget recommendation.

The American Legion believes there should be a complete review of IT security government wide. VA isn't the only agency within the government requiring an overhaul of its IT security protocol. The American Legion urges Congress to exercise its oversight authority and review each Federal agency to ensure that the personal information of all Americans is secure.

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.

The American Legion recommends \$2.7 billion for Information Technology.

### State Approving Agencies

The American Legion is deeply concerned that veterans, especially returning wartime veterans, receive their education benefits in a timely manner. Annually, approximately 300,000 service members (90,000 of which belong to the National Guard and Reserve) return to the civilian sector and use their earned educational benefits from the Department of Veterans Affairs (VA).

Any delay in receipt of education benefits or approval of courses taken at institutions of higher learning can adversely affect a veteran's life. There are time restrictions on most veterans' education benefits; significantly, the National Guard and Reserve must remain in the Selected Reserve to use their earned benefits.

The American Legion believes that every effort should be made to ensure the New GI Bill education benefits are delivered without problems or delays. Veterans are unique in that they volunteer for military service; therefore, these educational benefits are earned as the thanks of a grateful nation. The American Legion believes it is a national obligation to provide timely oversight of all veterans' education programs to assure they are administered in a timely, efficient, and accurate manner.

GAO report entitled "VA Student Financial Aid; Management Actions Needed to Reduce Overlap in Approving Education and Training Programs and to Assess State Approving Agencies" (GAO-07-384) focuses on the need to "ensure that Federal dollars are spent efficiently and effectively." GAO recommends VA require State Approving Agencies (SAAs) to track and report data on resources spent on approval activities, such as site visits, catalog review, and outreach in a cost-efficient manner. The American Legion agrees. GAO recommends VA establish outcome-oriented performance measures to assess the effectiveness of SAA efforts. The American Legion fully agrees. Finally, GAO recommends VA collaborate with other agencies to identify any duplicate efforts and use the agency's administrative and regulatory authority to streamline the approval process. The American Legion agrees. VA Deputy Secretary Gordon Mansfield responded at the time to GAO that VA would initiate contact with appropriate officials at the Departments of Education and Labor to help identify any duplicate efforts.

The American Legion strongly recommends SAA funding at \$19 million in FY 2010.

### Make TAP and DTAP Mandatory

The American Legion is deeply concerned with the timely manner in which veterans, especially returning wartime veterans, transition into the civilian sector.

The Department of Defense (DOD) estimates that 68 percent of separating active-duty service members attend the full Transitional Assistance Program (TAP) seminars, but only 35 percent of Reserve components' service members attend. The American Legion believes these low attendance numbers are a disservice to all transitioning service members, especially Reserve component service members. In addition, many National Guard and Reserve troops have returned from the wars in Iraq and Afghanistan only to encounter difficulties with their Federal and civilian employers at home, and the number of destroyed and bankrupt businesses due to military deployment is still being realized.



In numerous cases brought to the attention of The American Legion by veterans and other sources, many returning service members have lost jobs, promotions, businesses, homes, and cars and, in a few cases, become homeless. The American Legion strongly believes all service members would benefit greatly by having access to the resources and knowledge that TAP/Disabled Transitional Assistance Program (DTAP) provide. TAP/DTAP also needs to update their programs to recognize the large number of National Guard and Reserve business owners who now require training, information and assistance while they attempt to salvage or recover a business which they abandoned to serve their country.

The American Legion strongly recommends DOD require all separating service members, including those from Reserve component units, participate in TAP and DTAP training not more than 180 days prior to their separation or retirement from the Armed Forces.

TAP Employment Workshops provided to transitioning service members at most military installations in the United States as well as in eight overseas locations consist of two and one-half day employment workshops. The training helps service members prepare a plan for obtaining meaningful civilian employment when they leave the military. The workshop focuses on skills assessment, resume writing, job counseling and assistance, interviewing and networking skills, labor market information, and familiarization with America's workforce investment system.

Studies show service members who participate in TAP employment workshops find their first civilian job three weeks earlier than veterans who do not participate in TAP. The Department of Labor's Veterans Employment Training Services (DOL-VETS) ensures every TAP participant leaves the program with a draft resume, a practice interview session, and a visit to their state job board.

VETS only received a modest 4 percent increase since 2002. Transition assistance, education, and employment are each a pillar of financial stability. They will prevent homelessness; assist the veteran to compete in the private sector, and allow our nation's veterans to contribute their military skills and education to the civilian sector. By placing veterans in suitable employment quickly, the country benefits from increased income tax revenue and reduced unemployment compensation payments, thus greatly offsetting the cost of TAP training.

The American Legion recommends \$404.2 million to DOL-VETS for FY 2010.

#### Military Occupational Specialty Transition (MOST) Program

The American Legion supports legislation to reauthorize and fund \$60 million for the next ten years for the Service Members' Occupational Conversion and Training Act (SMOCTA). SMOCTA is a training program developed in the early 1990's for those leaving military service with few or no job skills transferable to the civilian market place. SMOCTA was renamed the Military Occupational Specialty Transition (MOST) program in legislation proposed last year, but the language and intent of the program still apply.

If enacted, MOST would be the only Federal job training program designed strictly for veterans and the only Federal job training program available for use by state veterans' employment personnel to assist veterans with barriers to employment.

Veterans eligible for MOST assistance are those with a primary or secondary military occupational specialty that DOD has determined is not readily transferable to the civilian workforce, or those veterans with a service-connected disability compensation rating of 30 percent or higher. MOST is a unique job training program because there is a job waiting for the veteran upon completion of training.

The American Legion recommends reauthorization of MOST and \$60 million in funding for the program.

#### Homelessness

The American Legion notes there are approximately 154,000 homeless veterans on the street each night. This number, compounded with 300,000 service members entering the civilian sector each year since 2001 with at least a third of them potentially suffering from mental illness, indicates that programs to prevent and assist homeless veterans are needed.

The Homeless Veterans Reintegration Program (HVRP) is a competitive grant program. Grants are awarded to states or other public entities and non-profit organizations, including faith-based organizations, to operate employment programs that reach out to homeless veterans and help them become gainfully employed. HVRP provides services to assist in reintegrating homeless veterans into meaningful employment in the labor force and stimulates the development of effective service delivery systems that will address the complex problems facing veterans. HVRP is the only nationwide program focused on assisting homeless veterans to reintegrate into the workforce.

The American Legion recommends \$50 million for this highly successful grant program in FY 2010.

#### NVTI

The National Veterans' Employment and Training Services Institute (NVTI) was established to ensure a high level of proficiency and training for staff that provide veterans employment services. NVTI provides training to federal and state government employment service providers in competency-based training courses. Current law requires all DVOPs and LVERs to be trained within three years of hiring. We recommend these personnel be trained within one year.

The American Legion recommends \$4.2 million for NVTI in FY 2010.

#### Veterans Workforce Investment Program

VWIP grants support efforts to ensure veterans' lifelong learning and skills development in programs designed to serve most-at-risk veterans, especially those with service-connected disabilities, those with significant barriers to employment, and recently separated veterans. The goal is to provide an effective mix of interventions, including training, retraining, and support services, that lead to long term, higher wage and career jobs.

The American Legion recommends \$20 million for VWIP in FY 2010.

## Employment Rights and Veterans' Preference

The Uniformed Services Employment and Reemployment Rights Act (USERRA) protects civilian job rights and benefits of veterans and members of the armed forces, including National Guard and Reserve service members. USERRA prohibits employer discrimination due to military obligations and provides reemployment rights to returning service members. VETS administers this law; it conducts investigations for USERRA and Veterans' Preference cases, conducts outreach and education, and investigates complaints by service members.

Since September 11, 2001, nearly 600,000 National Guard and Reserve service members have been activated for military duty. During this same period, DOL-VETS provided USERRA assistance to over 410,000 employers and service members.

Veterans' Preference is authorized by the Veterans' Preference Act of 1944. The Veterans' Employment Opportunity Act (VEOA) of 1998 extended certain rights and remedies to recently separated veterans. VETS has the responsibility to investigate complaints filed by veterans who believe their Veterans' Preference rights have been violated and to conduct an extensive compliance assistance program.

Veterans Preference is being unlawfully ignored by numerous agencies. Whereas figures indicate a decline in claims by veterans of the current conflicts compared to Gulf War I, the reality is that employment opportunities are not being properly publicized. Federal agencies, as well as federal government contractors and subcontractors, are required by law to notify the Office of Personnel Management (OPM) of job opportunities, but more often than not these job opportunities are never made available to the public. The VETS program investigates these claims and corrects unlawful practices.

The American Legion recommends \$40 million for Program Management that encompasses USERRA and VEOA in FY 2010.

## Veteran-Owned and Service-Connected Disabled Veteran-Owned Small Businesses

The American Legion views small businesses as the backbone of the American economy. It is the driving force behind America's past economic growth and will continue to be the major economic growth factor as we move into the 21st Century. Currently, more than nine out of every ten businesses are small firms. They produce almost one-half of the Gross National Product. Veterans' benefits have always included assistance in creating and operating veteran-owned small businesses.

The impact of deployment on self-employed National Guard and Reserve service members is tragic, with a reported 40 percent of all businesses owned by veterans suffering financial losses and, in some cases, bankruptcy. Many other small businesses have discovered they are unable to operate and suffer some form of financial loss when key employees who are members of the Reserve Components are activated. The Congressional Budget Office report, "The Effects of Reserve Call-Ups on Civilian Employers," stated that it "expects that as many as 30,000 small businesses and 55,000 self-employed individuals may be more severely affected if their Reservist employee or owner is activated." The American Legion supports legislation that would require the Federal government close the pay gap between Reserve and National Guard service members

civilian and military pay and would also provide tax credits up to \$30,000 for small businesses with service members who are activated.

The Office of Veterans' Business Development within the Small Business Administration (SBA) is crippled and ineffective due to a token funding of \$750,000 per year. This amount, which is less than the office supply budget for the SBA, is expected to support an entire nation of veterans who are entrepreneurs. The American Legion feels this pittance is an insult to American veterans who are small business owners. This token funding also undermines the spirit and intent of P.L. 106-50 that provides small business opportunities to veteran-owned businesses.

The American Legion strongly recommends increased funding of the SBA's Office of Veterans' Business Development to provide enhanced outreach and specific community-based assistance to veterans and self employed members of the Reserves and National Guard. The American Legion also supports legislation that would permit the Office of Veterans Business Development to enter into contracts, grants, and cooperative agreements to further its outreach goals and develop a nationwide community-based service delivery system specifically for veterans and members of the Reserve Components.

The American Legion recommends \$15 million in FY 2010 to implement a nationwide community-based assistance program to veterans and self employed members of the Reserves and National Guard.

#### Homeless Providers Grant and Per Diem Program Reauthorization

In 1992, VA was given authority to establish the Homeless Providers Grant and Per Diem Program under the Homeless Veterans Comprehensive Service Programs Act of 1992, P.L. 102-590. The Grant and Per Diem Program is offered annually (as funding permits) by the VA to fund community agencies providing service to homeless veterans.

VA can provide grants and per diem payments to help public and nonprofit organizations establish and operate supportive housing and/or service centers for homeless veterans. Funds are available for assistance in the form of grants to provide transitional housing (up to 24 months) with supportive services, supportive services in a service center facility for homeless veterans not in conjunction with supportive housing; or to purchase vans.

The American Legion recommends \$200 million for the Grant and Per Diem Program for FY 2010.

#### CONCLUSION

Mr. Chairman and Members of the Committee, The American Legion is impressed by President Obama's initial "top line" budget request. Like the rest of America, The American Legion waits to see the details, legislative initiatives and other specifics in the budget request he has promised to provide in April. The American Legion and VA Secretary Shinseki cannot over emphasize the importance of enactment of the Military Construction, Veterans' Affairs and Related Agencies Appropriations for FY 2011 before the start of the new fiscal year.

The American Legion would greatly appreciate support of this Committee for advance appropriations for VA medical care in FY 2011 and FY 2012 in the FY 2011 Budget Resolution

and the Military Construction, Veterans' Affairs and Related Agencies Appropriations for FY 2011.

Once again, The American Legion can support President Obama's top line budget request; however, that support is contingent upon review of his budget request released in April:

- Increases funding for the Department of Veterans Affairs by \$25 billion above baseline over the next five years.
  - Dramatically increases funding for veterans health care.
  - Expands eligibility for veterans health care to over 500,000 veterans by 2013.
  - Enhances outreach and services related to mental health care and cognitive injuries, including post-traumatic stress disorder and traumatic brain injury, with a focus on access for veterans in rural areas.
  - Invests in better technology to deliver services and benefits to veterans with the quality and efficiency they deserve.
  - Provides greater benefits to veterans who are medically retired from service.
  - Combats homelessness by safeguarding vulnerable veterans.
- Facilitates timely implementation of the comprehensive education benefits that veterans earn through their dedicated military service.

The American Legion welcomes the opportunity to work with this Committee and the Administration on the enactment of a timely, predictable and sufficient budget for the Department of Veterans Affairs.

Mr. Chairman, that concludes my testimony and The American Legion would welcome any questions you or your colleagues may have.