

**STATEMENT OF THE HONORABLE ERIC K. SHINSEKI  
SECRETARY OF VETERANS AFFAIRS**

**FOR PRESENTATION BEFORE THE  
SENATE COMMITTEE ON VETERANS' AFFAIRS**

**BUDGET REQUEST FOR FISCAL YEAR 2015**

**March 12, 2014**

Chairman Sanders, Ranking Member Burr, Distinguished Members of the Senate Committee on Veterans' Affairs:

Thank you for the opportunity to present the President's 2015 Budget and 2016 advance appropriations requests for the Department of Veterans Affairs (VA). This budget continues the President's historic initiatives and strong budgetary support for Veterans, their families, and survivors. We value the sustained support that Congress has demonstrated in providing the resources and legislative authorities needed to honor our Nation's promises to these unique and special citizens. Let me acknowledge our partners here today – the Veterans Service Organizations – whose insight and support make us better at fulfilling our mission.

After more than a decade of war, many Servicemembers are returning home and making the transition to Veteran status. As the war in Afghanistan enters its final chapter, our work is more urgent than ever. The current generation of Veterans will help to grow our middle class and provide a significant return on the Nation's investments in them. The President fully supports Veterans and their families, and by providing them the care and benefits they have earned, we pay tribute to the sacrifices that Veterans have made for this Nation.

The 2015 Budget for VA requests \$163.9 billion – \$68.4 billion in discretionary funds, including medical care collections, and \$95.6 billion in mandatory funds for Veterans benefits programs. The discretionary request reflects an increase of \$2.0 billion (3.0 percent) above the 2014 Budget level. The Budget also requests a 2016 advance appropriation for Medical Care of \$58.7 billion, an increase of \$2.7 billion (4.7 percent) above the 2015 Budget. The President's 2015 Budget will allow VA to operate the largest integrated healthcare system in the country, including nearly 1,750 VA points of healthcare and approximately 9.3 million Veterans enrolled to receive healthcare; the ninth largest life insurance provider, covering both active duty Servicemembers and enrolled Veterans; an education assistance program serving nearly 1.1 million students; a home mortgage program with a portfolio of over 2 million active loans, guaranteed by the agency; and the largest national cemetery system that leads the Nation as a high-performing organization, with projections to inter 128,100 Veterans and family members in 2015.

## **Growing Demand for VA Services and Benefits**

Long after conflicts end, VA requirements continue to grow, due to the substantial needs of Veterans. VA's budgetary requirements arise from our Nation's national security engagements, which are not within our control. As the President said on Veterans Day last November, "when we talk about fulfilling our promises to our Veterans, we don't just mean for a few years; we mean now, tomorrow, and forever." Over the next decade, the Department of Defense (DoD) predicts that military separations will approach three million. This growing population is demanding more services from VA than ever before. Currently, 11 million of the approximately 22 million Veterans in this country are registered, enrolled, or use at least one VA benefit or service, and this number will undoubtedly continue to grow.

## **Meeting VA's Top Three Goals**

In 2015, our challenges are clear and significant. VA must deliver on the ambitious goals we established 5 years ago, which are to:

- Increase Veterans' access to VA benefits and services;
- Eliminate the disability claims backlog in 2015; and
- End Veterans' homelessness in 2015.

The 2015 Budget is critical to VA meeting these goals. Without the proper level of funding to meet the growing demand for benefits and services, investing in our physical and Information Technology (IT) infrastructure to assure reliable access, eliminating the disability claims backlog, and completing the rescue phase of ending Veterans' homelessness become even more difficult. VA remains committed to meeting these challenges and appreciates the continued support of the Congress.

## **Stewardship of Resources**

At VA, we are committed to responsible stewardship, using resources effectively and efficiently and aggressively identifying budget savings. Over the past three years, we have averaged \$1.6 billion annually in efficiencies and budget savings, and in 2015, that commitment to budget efficiencies and savings is more than \$2 billion. We are attentive to areas in which we need to improve our operations, and are committed to taking swift corrective action to eliminate any practices that do not deliver value for Veterans. For 15 consecutive years, VA delivered clean financial audits, during which time material weaknesses were reduced from four to one, and in 2013, for the first time, we had no significant deficiencies, having eliminated 16 prior significant financial deficiencies. This is an area of major accomplishment in our internal controls and fiscal integrity.

## **Information Technology**

To serve Veterans as well as they have served us, we are working to deliver a 21<sup>st</sup> century VA that provides medical care, benefits, and services through a secure digital infrastructure. IT affects every aspect of what we do at VA. It has a direct impact on the quality of healthcare we provide Veterans; our ability to process claims efficiently; and our ability to provide Veterans' benefits and services. In 2013, VA IT systems supported nearly 1,750 VA points of healthcare: 151 medical centers, 135 community living centers, 103 domiciliary rehabilitation treatment programs, 820 community-based outpatient clinics, 300 Vet Centers, and 70 mobile Vet Centers. The corresponding increase we have seen in the medical care spending for these facilities directly translates to new and increased services provided to Veterans. To provide Veterans access and benefits, we must make the necessary investments in IT innovations and deployments.

Our 2015 Budget requests \$3.9 billion for IT, consisting of \$531 million for development; \$2.3 billion for sustainment; and \$1 billion for more than 7,400 staff, most of whom serve in VA hospitals and regional offices. The request will sustain our infrastructure while making necessary investments in critical business processes, such as modernizing healthcare scheduling, streamlining benefits processing, enhancing and modernizing VA's electronic health record, enhancing data security, and achieving health data interoperability with DoD.

Information security is a top priority at VA. The 2015 Budget requests \$156 million for information protection and cyber security, an increase of \$33 million (27 percent) over 2014. VA is constantly strengthening information security and improving technology and processes to ensure Veteran data and VA's network are secure. Like any organization, public or private, we must continue to adapt. Our security posture is based on a "defense-in-depth" approach, which includes our partners at the Department of Homeland Security who maintain an over watch on our exterior perimeter. Working inward from our firewalls, VA has additional layers and protections that are constantly monitoring potential threats.

Technology is also a critical component for achieving our goal to eliminate the disability claims backlog in 2015. The 2015 Budget requests \$137 million in IT funding for the Veterans Benefits Management System (VBMS), including \$44.5 million for development and \$92.5 million for sustainment. The 2015 development funds will allow VA to electronically process disability compensation claims in VBMS, from establishment to award. Planned enhancements and increased automation will allow end-users to focus on more difficult disability compensation claims by reducing the time required to process less complex claims. Sustainment funds will support the infrastructure behind VBMS as well as the deployment of additional new functionality features.

The 2015 Budget continues our progress toward evolving VA's VistA electronic health record (EHR) and achieving seamless integration of health data with the DoD by

2017. The budget requests \$269 million to help achieve our shared goal of providing the best possible support for Servicemembers and Veterans. In the near term, we are working to create seamless integration of DoD, VA, and private provider health data. In the mid-term, we are working to modernize the software supporting DoD and VA clinicians. Together, these two goals will help to create an environment in which clinicians and patients from both Departments are able to share current and future healthcare information for continuity of care and improved treatment. As we strive to build on our successful history of health data sharing and collaboration, we understand our EHR modernization efforts are complicated, dynamic, and multi-faceted.

### **Improving and Expanding Access to Benefits and Services**

The number of Veterans receiving VA benefits and services has grown steadily and will continue to rise as overseas conflicts end and more Servicemembers transition to Veteran status. In 2015, the number of patients treated within VA's healthcare system is projected to reach 6.7 million, an increase of nearly one million patients (17.4 percent) since 2009. Within VBA, the number of Veterans and survivors receiving Compensation and Pension benefits will approach 5 million in 2015, while the number of Education and Vocational Rehabilitation beneficiaries will exceed 1.1 million.

We continue to improve access to VA services by opening new, and improving current, facilities closer to where Veterans live. Since January 2009, we have added approximately 55 community-based outpatient clinics (CBOCs), for a total of 820 CBOCs, and the number of mobile outpatient clinics and Mobile Vet Centers, serving rural Veterans, has increased by 21, to the current level of 78. In addition, while opening new and improved facilities is essential for VA to provide world-class healthcare to Veterans, so too is enhancing the use of ground breaking new technologies to reach countless other Veterans. We continue to invest in "taking the facility to the Veteran" - through expanded access to telehealth, sending Mobile Vet Centers to reach Veterans in rural areas where certain services are limited or difficult to reach, and by deploying social media to connect with Veterans to share information on the VA benefits they have earned.

The Affordable Care Act (ACA) expands access to coverage, provides new ways to bring down healthcare costs, improves the Nation's healthcare delivery system, and has important implications for VA. VA is ensuring a coordinated and collaborative approach to ACA implementation. We estimate that there are approximately 1.3 million uninsured Veterans, of which 1 million may be eligible for, but not enrolled in VA healthcare. We will continue our education and outreach efforts so Veterans know the healthcare law does not affect their VA health benefits or out-of-pocket costs, and that Veterans enrolled in VA healthcare do not need to take additional steps to meet ACA's new coverage standards. We will also encourage Veterans' family members not enrolled in a VA healthcare program to obtain coverage through the Health Insurance Marketplaces.

A large part of our Veteran population hails from the small towns of rural America. Some 3.1 million Veterans enrolled in VA's healthcare system live in rural or highly rural areas, about 36 percent of all enrolled Veterans. In total, more than \$17.36 billion were obligated in 2013 for the health care needs of rural Veterans. As technology advances and broadband access expands across rural America, we have been able to extend the availability of VA healthcare through telemedicine, web-based networking tools, and the use of mobile devices -- all of which help improve access to care and support economic development for people in rural areas. Telehealth is a transformative breakthrough in healthcare delivery in 21<sup>st</sup> century medicine, allowing care to reach Veterans who otherwise may not have access, especially those who live in rural and extremely remote areas. The 2015 Budget requests \$72 million for Rural Health telehealth.

Changing demographics are driving transformation at VA. Women now comprise nearly 15 and 18 percent of today's active duty military forces and Reserve component, respectively. Women are the fastest growing segment of our Veteran population. Since 2009, the number of women Veterans enrolled in VA healthcare increased by almost 29 percent, to 629,683. The 2015 Budget includes \$403 million for gender-specific healthcare services for women Veterans. Today, nearly 49 percent of our facilities have comprehensive women's clinics, and every VA healthcare system has designated women's health primary care providers and a women Veterans' program manager on staff.

The Caregivers and Veterans Omnibus Health Services Act (Caregivers Act) marked a major step forward in America's commitment to those who provide daily care for wounded warriors, who have borne the battle for us all. The sustainment phase of the Caregivers program began in 2013, and includes application processing; stipends; travel and healthcare coverage; education, training, and competency; and IT support. The 2015 Budget includes \$306 million for the Caregivers program, including \$235 million for caregiver stipends.

Since VA began implementation of the Honoring America's Veterans and Caring for Camp Lejeune Families Act in August 2012, more than 10,100 Veterans have contacted VA concerning Camp Lejeune-related treatment, as of February 27, 2014. Of these, roughly 8,300 were already enrolled in VA healthcare. Veterans who are eligible for care under the Camp Lejeune authority, regardless of current enrollment status with VA, will not be charged a co-payment for healthcare related to the 15 illnesses or conditions recognized, nor will a third-party insurance company be billed for these services. VA continues a robust outreach campaign to these Veterans and family members while we press forward with implementing this law. The 2015 Budget includes \$51 million to provide healthcare for Veterans and family members who were potentially exposed to contaminated drinking water at Camp Lejeune.

The 2015 Budget requests \$99.6 million in IT funding for the Veterans Relationship Management (VRM) initiative, which is transforming Veterans' access to VA benefits and services by empowering Veterans with new self-service tools. In

addition, VRM is essential to achieving our access goals. We are transforming VA's national call centers into service centers by delivering enhanced, integrated, system-wide telephone capabilities. VBA is also implementing the Client Relationship Management Unified Desktop that provides Veterans or beneficiary contact history and a consolidated view of benefit programs for our employees to enhance the customer's experience and provide responsive and complete information.

As part of this experience, VBA aggressively promoted eBenefits and improved Veterans ability to enroll in and access VA benefits and services. The joint VA-DoD eBenefits Web portal is a personalized central location for Veterans, Servicemembers, and their families to research, access, and manage their benefits and personal information. More than 3.2 million Servicemembers and Veterans are enrolled in eBenefits, and our goal is to expand enrollment to 5 million users in 2015. Over 50 self-service features, including online filing of claims, online uploading of evidence, and claim status tracking are now available in eBenefits; VA and DoD continue to expand functionality with each quarterly release.

VA also continues to increase access to burial services for Veterans and their families through the largest expansion of its national cemetery system since the Civil War. At present, approximately 90 percent of the Veteran population - about 20 million Veterans - has access to a burial option in a national, state, or tribal Veterans cemetery within 75 miles of their homes. In 2004, only 75 percent of Veterans had such access. This dramatic increase is the result of a comprehensive strategic planning process that efficiently uses resources to serve the greatest number of Veterans.

### **Improving Access to Mental Health Services**

We have been a Nation at war for more than a decade, and the state of Servicemembers' and Veterans' mental health is a National priority. At VA, meeting the individual mental health needs of Veterans is more than a system of comprehensive treatments and services; it is a philosophy of ensuring that Veterans receive the best mental healthcare possible, while focusing on the overall mental well-being of each Veteran. VA remains committed to doing all we can to meet this challenge.

Through the strong leadership of the President and the support of Congress, Veterans' access to mental healthcare has significantly improved. Some of the stigma associated with seeking help has diminished. We proactively screen all Veterans for PTSD, depression, TBI, problem drinking, substance abuse, and military sexual trauma (MST) to identify issues early and provide treatments and intervention opportunities. We know that when we diagnose and treat people, they get better. Rates of suicide among those who use VHA services have not shown increases similar to those observed in all Veterans and the general U.S. population. Since 2006, the number of Veterans receiving specialized mental health treatment has risen each year from 927,000 to more than 1.3 million in 2013. In addition, Outpatient visits and encounters will increase to 12.8 million in 2015, from 12.1 million in 2013. Vet Centers are another

avenue for mental healthcare access, providing services to 195,913 Veterans and their families in 2013.

While we made significant progress in serving the growing number of Veterans seeking mental healthcare, our work is not done. The 2015 Budget includes \$7.2 billion for mental healthcare, an increase of \$309 million (4.5 percent). VA efforts are crucial to dispel the lingering stigma surrounding treatment, and help Veterans regain their dignity and the ability to hold meaningful employment and maintain a home, which helps, in turn, strengthen our Nation's economy.

In response to the growing demand for mental health services, VA enhanced capacity and improved the system of care so that services are more readily accessible. In 2012, VA completed a comprehensive assessment of the mental health program at every VA medical center and is using the results of that assessment to improve programs and share best practices across VISNs and facilities. VA also held mental health summits at each of our 151 medical centers, broadening the community dialogue between clinicians and stakeholders.

We are developing new measures to gauge mental healthcare performance, including timeliness, patient satisfaction, capacity, and availability of evidence-based therapies. Evidence-based staffing guidelines are being written for specialty and general mental health. In addition, VA is working with the National Academy of Sciences to develop and implement measures and corresponding guidelines to improve the quality of mental healthcare. To help VA clinicians better manage Veteran patients' mental health needs, VA is developing innovative electronic tools. For example, Clinical Reminders give clinicians timely information about patient health maintenance schedules, and the High-Risk Mental Health National Reminder and Flag system allows VA clinicians to flag patients who are at-risk for suicide. When an at-risk patient does not keep an appointment, Clinical Reminders prompt the clinician to follow up with the Veteran.

Since its inception in 2007, the VA's Veterans' Crisis Line in Canandaigua, New York, answered nearly 1,000,000 and responded to more than 143,000 texts and chat sessions from Veterans in need. The Veterans' Crisis line provides 24/7 crisis intervention services and personalized contact between VA staff, peers, and at-risk Veterans, which may be the difference between life and death. In the most serious calls, approximately 35,000 men and women have been rescued from a suicide in progress because of our intervention - the rough equivalent of two Army divisions.

### **Eliminating the Claims Backlog**

VA has no greater responsibility than ensuring Veterans and their survivors receive timely, accurate decisions on their disability compensation and pension claims. Too many Veterans have waited too long to receive their benefits – and this has never been acceptable to VA, including the employees of VBA, over half of whom are

Veterans. To attack this longstanding problem, we launched a historic plan to transform our people, processes, and technology. Our strategy advances VBA's tools, streamlines claims processes, trains its workforce, improves workload management, and meaningfully enhances interaction with Veterans and stakeholders to deliver more timely and accurate benefit decisions and services to Veterans and their families. Despite an escalating workload brought about by the correct decisions for Veterans on Agent Orange, Gulf War, and combat PTSD presumptions -- and successful outreach to Veterans informing them of their benefits -- we are making steady progress toward our goal of eliminating the disability claims backlog in 2015.

The 2015 Budget requests \$2.5 billion for VBA, an increase of \$28.8 million from 2014. VBA projects a beneficiary caseload of 5.1 million in 2015, with more than \$78.7 billion in disability compensation and pension benefits obligations. We expect to process 1.5 million compensation and pension claims in 2015, up from 1.25 million claims in 2014, an increase of nearly 17 percent over 2014.

Through our claims transformation initiatives, the use of mandatory overtime, and other innovative strategies, we are making real progress in reducing the disability claims backlog. As of March 8, 2014, the backlog stood at 368,829 claims, down 242,244 (40 percent) from its highest point on March 25<sup>th</sup>, 2013. Additionally, under its Oldest Claims Initiative that began in April 2013, VA provided decisions to over 500,000 Veterans whose claims had been pending the longest. VA continues to work closely with DoD, the Internal Revenue Service, the Social Security Administration, and our other Federal partners to identify electronic data-sharing opportunities and process reforms to streamline workflows and limit paper claims filing.

VBMS is key to VBA's transformation and success in meeting our 2015 goal. In June 2013, VBA completed national deployment of VBMS -- six months ahead of schedule -- providing access to over 25,000 end-users. Approximately 80 percent of VA's pending disability claims are in a digital format for electronic processing in VBMS. Moving to a digital environment is critical. VA anticipates there will be approximately 250,000 new Servicemembers transitioning to Veteran status each of the next 4 years, for a total of one million new Veterans added during the next four years. As a result of our increased efforts to enable more Veterans to access the benefits they have earned and deserved, many of these Veterans are likely to file a claim with VBA within the first year of separation.

The 2015 Budget includes \$138.7 million for continued investment in the Veterans Claims Intake Program (VCIP), which converts paper claims into an electronic format and enables electronic transfer of medical and personnel records. This electronic transfer is critical to creating the necessary digital environment for populating the eFolders and supporting end-to-end electronic claims processing for each stage of the claims lifecycle. Although VA continues to accept paper claims from Veterans who are not familiar with or cannot access computer technology, VBA is working with stakeholders to increase the number of claims submitted electronically. VBA now converts paper claims to electronic format as we receive them, saving time and effort



and improving accuracy. As of December 2013, over 25,000 VBMS users could access 424 million electronic images converted from paper.

The 2015 Budget includes \$94.3 million for the Board of Veterans' Appeals (the Board), which we are requesting as a new appropriation separate from the General Administration appropriation. The Board provides direct service to Veterans and their families by conducting hearings and issuing final appeals decisions. VA is actively pursuing initiatives to improve the appeals process and reduce wait times for Veterans, including a Board-led initiative that pre-screens appeals to ensure that the record is fully developed and ready for adjudication. The Board is also streamlining decision writing to increase output and efficiency. Expanded use of VBMS and the eventual incorporation of appeals functionality in VBMS will save resources currently spent handling, accessing, storing, and transporting paper claims files between the Board and VBA Regional Offices. The Board completed major technological upgrades to its video teleconference (VTC) equipment and the Board now conducts slightly over half of their hearings by video teleconference, a significant increase from 29 percent in 2009. We project appeals will increase to 72,786 cases in 2015, an increase of 12 percent from 2014's 64,941 cases.

### **Ending Veteran Homelessness**

Every Veteran who has served America ought to have a home in America. We made great progress toward achieving our goal to end Veteran homelessness in 2015. VA will use knowledge gained over the past four years to ensure robust prevention programs are in place for future years. The 2015 Budget request is essential for VA to successfully achieve an end-to-the-rescue phase, and prevent future homelessness among Veterans at-risk in the years to come.

Since 2009, VA, together with our Federal, state, and local partners, has reduced the estimated number of homeless Veterans by 24 percent. We have conducted over six million clinical visits with over 600,000 Veterans who were homeless, at-risk of homelessness (including formerly homeless). In 2013 alone, VA served more than 240,000 Veterans who were homeless or at-risk of becoming homeless – 21 percent more than the year before. Over the past four years, the Point-in-Time (PIT) count of homeless Veterans declined steadily, despite challenging economic times. The PIT count estimate of the number of homeless Veterans dropped from 75,609 in January 2009, to 57,849 in January 2013, a 24 percent decrease.

VA's programs constitute the largest integrated network of programs with components of homeless assistance in the Nation. They provide homeless Veterans with nearly 80,000 beds or units, including permanent supportive housing through the Department of Housing and Urban Development-VA Supportive Housing (HUD-VASH) program; link Veterans with needed mental health and other medical care; and provide supportive services and opportunities to reintegrate Veterans back into the community and workforce. VA's cost-effective, evidence-based homeless programs produce large savings and cost avoidance in budgetary, social, and economic terms. Using a Housing

First strategy, VA relies on research that shows that placing homeless Veterans into Housing First reduces emergency room visits, other forms of intensive hospitalization, and substance overdose. Medical care costs are roughly three times as expensive for homeless compared to Veterans who are not homeless.

Despite significant progress and important accomplishments, much work remains. We estimate that between 2013 and 2015, approximately 200,000 Veterans will experience homelessness at some point in time. To reach our goal of ending Veteran homelessness in 2015, the Budget requests \$1.6 billion for VA homeless-related programs, including case management support for the HUD-VASH voucher program, the Grant and Per Diem Program, the Supportive Services for Veteran Families (SSVF) program, and VA justice programs. This represents an increase of \$248 million (17.8 percent) over the 2014 Budget level. This budget supports VA's long-range plan to end Veteran homelessness by emphasizing rescue for those who are homeless today, and prevention for those at risk of homelessness.

HUD-VASH provides permanent supportive housing to the most vulnerable of our homeless Veterans. The 2015 Budget requests \$374 million for HUD-VASH, an increase of \$47 million (14 percent) over the 2014 Budget level. This funding will support nearly 3,500 case managers to provide intensive wraparound services to nearly 80,000 Veterans. These case managers provide an average number of 12 clinical visits per year to these Veterans to ensure that they remain in housing and do not become homeless again. Veterans in HUD-VASH are vulnerable; the majority meets criteria for chronic homelessness, and suffers from serious mental illness, substance use disorders, and chronic medical conditions. This partnership remains the most responsive housing option available to VA and is a critical component of our strategy to move homeless Veterans from the streets to a safe and stable home.

The Grant and Per Diem Program helps fund community agencies providing services to homeless Veterans with the goal of helping them achieve residential stability, increase their skill levels and/or income, obtain greater self-determination, independent living, and employment as soon as possible. The 2015 Budget requests \$253 million for the Grant and Per Diem Program, an increase of \$3 million (1.1 percent) over the 2014 Budget level. In 2015, the program will provide over 15,500 transitional housing beds to Veterans through partnerships with more than 650 projects.

VA's SSVF is a critical aspect of our strategy to prevent and end Veteran homelessness. This program provides both prevention and rapid rehousing services to Veterans and family members. In 2013, SSVF successfully prevented over 60,000 at-risk Veterans and family members from falling into homelessness, and successfully placed over 84 percent of homeless Veterans and family members into permanent housing. In the last three years, VA awarded grants totaling \$459.6 million to 324 community agencies in all 50 states, the District of Columbia, Puerto Rico, and the Virgin Islands. SSVF grants to private non-profit organizations and consumer cooperatives provide a range of supportive services to include outreach, case

management, assistance in obtaining VA benefits, and assistance in obtaining and coordinating other public benefits. In 2015, VA will deploy SSVF grants strategically to target resources to communities with concentrations of homeless Veterans.

In addition, VA's Justice Programs, which facilitate access to needed VA treatment for Veterans in criminal justice settings such as Veterans Treatment Courts, are an important prevention effort for homeless and at-risk Veterans. The goal of these Courts is to divert those with mental health issues and homelessness risk from the traditional justice system and give them treatment and tools for rehabilitation and readjustment. The first Veterans court was established in 2008 in Buffalo, N.Y. By the end of 2013, there were 257 courts nationwide, positively affecting the lives of 7,724 Veterans; VA serves Veterans in each of these courts. Many of the participating Veterans have avoided incarceration and the cycle of homelessness, that often follows incarceration. The 2015 Budget requests \$35 million for Veterans Justice Programs, an increase of \$1.5 million (4 percent) over the 2014 Budget level.

To increase homeless Veterans' access to benefits, care, and services, VA established the National Call Center for Homeless Veterans (NCCHV). The NCCHV provides homeless Veterans and Veterans at-risk for homelessness free, 24/7 access to trained counselors. The call center is intended to assist homeless Veterans and their families; VA medical centers; Federal, state, and local partners; community agencies; service providers; and others in the community. In 2013, the National Call Center for Homeless Veterans received 111,096 calls (38 percent increase over 2012) and made 78,622 referrals to VA Medical Centers (55 percent increase over 2012). The 2015 Budget requests \$5.6 million for NCCHV, an increase of \$1.7 million (45 percent) over the 2014 Budget level. VA has established 28 Community Resource and Referral Centers (CRRC) to provide rapid assistance to homeless Veterans.

### **Multi-Year Budget for Medical Care**

Due to Congress's foresight, under the Veterans Health Care Budget Reform and Transparency Act of 2009, VA includes a request for an advance appropriation for its medical care budget. The legislation requires VA to plan its medical care budget using a multi-year approach, which ensures that VA requirements are reviewed and updated based on the most recent data available and actual program experience. The 2015 medical care budget of \$59.1 billion, including collections, will fund treatment to over 6.7 million unique patients, an increase of 4 percent over the 2013 estimate. Of those unique patients, 4.7 million Veterans are in Priority Groups 1-6, an increase of more than 204,836 (4.5 percent). Additionally, VA anticipates treating over 757,600 Veterans from the conflicts in Iraq and Afghanistan, an increase of over 141,100 patients (23 percent) over the 2013 level. VA also provides medical care to non-Veterans through programs such as the Civilian Health and Medical Program of the Department of Veterans Affairs (CHAMPVA) and the Spina Bifida Health Care Program; we expect this population to increase by over 42,600 patients (6.3 percent), during the same period.

Based on updated 2015 estimates largely derived from the Enrollee Health Care Projection Model, the 2015 Budget will allow VA to increase funding for programs to end Veteran homelessness; continue implementation of the Caregivers and Veterans Omnibus Health Services Act; fulfill multiple responsibilities under the ACA; provide for activation requirements for new or replacement medical facilities; and invest in strategic initiatives to improve the quality and accessibility of VA healthcare programs. The 2015 appropriations request includes an additional \$368 million above the enacted 2015 advance appropriations level. Our multi-year budget plan assumes that VHA will carry over a small percentage of unobligated balances from 2014 into 2015 to ensure that funds are available at the beginning of the fiscal year to cover any unforeseen costs.

The 2016 medical care budget of \$61.9 billion, including collections, provides for healthcare services to treat over 6.8 million unique patients, an increase of 1.5 percent over the 2015 estimate. The 2016 request for medical care advance appropriations is an increase of \$2.9 billion, or 4.9 percent, over the 2015 budget request. Medical care funding levels for 2016, including funding for activations, non-recurring maintenance, and initiatives, will be revisited during the 2016 budget process, and could be revised to reflect updated information on known funding requirements and unobligated balances.

### **Medical and Prosthetic Research**

VA supports the President's national action plan to guide mental health research across government, industry and academia, and develop more effective ways to prevent, diagnose, and treat mental health conditions like TBI and PTSD. VA's medical research programs demonstrate the creativity and ingenuity of our Nation's greatest minds to help save Veterans' lives, limit their incapacitation, and build a better world for their families. Projects funded in 2015 will focus on identifying or developing new treatments for Gulf War Veterans, improving social reintegration following traumatic brain injury, reducing suicide, evaluating the effectiveness of complementary and alternative medicine, developing blood tests to assist in the diagnosis of PTSD and mild traumatic brain injury, and advancing genomic medicine.

In 2015, Medical Research will be supported through a \$589 million direct appropriation, and an additional \$1.3 billion from VA's medical care program, Federal grants, and non-Federal grants. Including Medical Care support, other Federal resources, and private resources, total funding for Medical and Prosthetic Research will be nearly \$1.9 billion in 2015. VA's research program benefits Veterans, their families, and the Nation.

### **Increasing Employment Opportunities for Veterans**

Under the President's leadership, VA, the Department of Labor, DoD, and the entire Federal government made Veterans' employment one of their highest priorities.

At VA, we led by example. We made great strides during the last five years and remain committed to meeting our goal of 40 percent of VA employees being Veterans, compared to 32.4 percent currently. During 2013, 33.8 percent of all new hires at VA were Veterans, including an impressive 78.5 percent of all new employees in our National Cemetery Administration (NCA).

We continue to work to ensure that all of America's Veterans have the support they need and deserve when they leave the military, look for a job, and enter the civilian workforce. The interagency Employment Initiative Task Force, co-led by VA and DOD, developed a new training and services delivery model to help strengthen the transition of our Veteran Servicemembers from military to civilian life. Accordingly, the 2015 Budget includes \$106 million to meet VA's responsibilities under the President's Veterans Employment Initiative and the VOW to Hire Heroes Act. In addition, the 2015 Budget includes \$1 billion in mandatory funding over 5 years to develop a *Veterans Job Corps* conservation program that will put up to 20,000 Veterans back to work over the next 5 years protecting and rebuilding America. Jobs will include park maintenance projects, patrolling public lands, rehabilitating natural and recreational areas, and law enforcement-related activities. Additionally, Veterans will help make a significant dent in the deferred maintenance of our Federal, state, local, and tribal lands, including jobs that will repair and rehabilitate trails, roads, levees, recreation facilities, and other assets. The program will serve all Veterans, but have a particular focus on post-9/11 Veterans.

Since 2009, VA provided over \$31.8 billion in Post-9/11 GI Bill benefits in the form of tuition and other education-related payments to cover the education and training of more than 1 million Servicemembers, Veterans, family members, and survivors. As part of this effort VBA launched an online GI Bill Comparison Tool to make it easier for Veterans, Servicemembers, and dependents to calculate their Post-9/11 GI Bill benefits and learn more about VA's approved colleges, universities, and other education and training programs across the country. The GI Bill Comparison Tool provides key information about college affordability and brings together information from more than 17 online sources and 3 Federal agencies, including the number of students receiving VA education benefits at each school.

VA is also now working with Student Veterans of America to track graduation and training completion rates, and we expect a draft report by the end of 2014 to quantify program outcomes. The Post-9/11 GI Bill continues to be a focus of VBA transformation, as it implements the automated Long-Term Solution (LTS), VA's end-to-end claims processing solution that utilizes rules-based, industry-standard technologies for the delivery of education benefits. At the end of January 2014, we had 68,215 education claims pending, 21 percent lower than the total claims pending the same time last year. The average days to process Post-9/11 GI Bill supplemental claims decreased by 9.1 days, from 16.1 days in September 2012 to 7 days in January 2014. The average time to process initial Post-9/11 GI Bill original education benefit decreased by 15.3 days in the same period, from 32.5 days to 17.2 days.

## **Capital Infrastructure**

The 2015 Budget requests \$1.06 billion for VA's major and minor construction programs, the same as the 2014 Budget level. The capital asset budget demonstrates VA's commitment to address critical major construction projects that directly impact patient safety and seismic issues and reflects VA's ongoing promise to provide safe, secure, sustainable, and accessible facilities for Veterans. The request also reflects the current fiscal climate and the great challenges VA faces in order to close the gaps identified in our Strategic Capital Investment Planning (SCIP) process.

### **Major Construction**

The major construction request in 2015 is \$561.8 million. The request provides funding for four on-going major medical facility projects. They include: (1) seismic corrections to renovate building 205 for homeless programs at the West Los Angeles, CA VA Medical Center; (2) seismic corrections and construction of a new mental health facility and parking structure at the Long Beach Healthcare System; (3) construction of a new community living center (CLC), domiciliary and outpatient facility in Canandaigua, NY; and (4) construction of a new spinal cord injury/CLC facility, hospice nursing unit, and upgrades to a high-risk seismic building in San Diego, CA. These projects represent VA's most critical major construction projects and correct critical safety and seismic deficiencies that are currently putting Veterans, VA staff, and the public at risk. Once the projects are completed, Veterans seeking care will be served in more modern and safer facilities.

The 2015 Budget also includes \$2.5 million for NCA for advance planning activities and \$7.5 million for land acquisition to support the establishment of 5 additional national cemeteries in Cape Canaveral and Tallahassee Florida; Omaha, Nebraska; southern Colorado; and western New York to meet the burial access policies included in the 2011 budget.

### **Minor Construction**

The 2015 Budget includes a minor construction request of \$495.2 million. The requested amount would provide funding for ongoing and newly identified projects that renovate, expand, and improve VA facilities. This year's focus is a balance between continuing to fund minor construction projects that we can implement quickly to maintain and repair our aging infrastructure, while using major construction funding to address life-threatening safety and seismic issues that currently exist at multiple VA medical facilities.

### **Opportunity, Growth and Security Initiative**

The Budget also includes a separate \$56 billion Opportunity, Growth, and Security Initiative to spur economic progress, promote opportunity, and strengthen national security. This Initiative would increase employment, while achieving important

economic outcomes in areas from education to research to manufacturing and public health and safety. Moreover, the Opportunity, Growth, and Security Initiative is fully paid for with a balanced package of spending cuts and tax loophole closers.

At the Department of Veterans Affairs (VA), the Opportunity, Growth, and Security Initiative will support capital investments essential to expanding and protecting Veterans' access to quality care and benefits. By providing an additional \$400 million for the VA capital program, enactment of the Initiative will allow additional progress in addressing the Department's highest priority capital needs, including a major construction project to replace a seismically deficient research facility in San Francisco, California.

### **National Cemetery Administration**

The NCA has the solemn duty to honor Veterans and their families with final resting places in national shrines and with lasting tributes that commemorate their service and sacrifice to our Nation. We honor those individuals' service through our 133 national cemeteries, which includes two national cemeteries scheduled to open in 2015, 33 Soldiers' lots and monuments, the Presidential Memorial Certificate program, and through the markers and medallions that we place on the graves of Veterans around the world. The 2015 Budget includes \$256.8 million for operations and maintenance to uphold NCA's responsibility for this mission, including funds to open two new national cemeteries and to begin preparations for opening two National Veterans Burial Grounds.

NCA projects its workload will continue to increase. For 2015, we anticipate conducting approximately 128,100 interments of Veterans or their family members, and maintaining and providing perpetual care for approximately 3.5 million gravesites. NCA will also maintain 8,882 developed acres and process approximately 362,900 headstone and marker applications.

NCA maintains a strong commitment to hiring Veterans. Currently, Veterans comprise over 74 percent of its workforce. Since 2009, NCA hired over 450 returning Iraq and Afghanistan Veterans. In addition, NCA awarded 66.5 percent of contract awards in 2013 to Veteran-owned and service-disabled, Veteran-owned small businesses. NCA's committed, Veteran-centric workforce is the main reason it is able to provide a world-class level of customer service. NCA participated for the 5<sup>th</sup> time in the American Customer Satisfaction Index (ACSI), sponsored by the Federal Consulting Group and Claes Fornell International (CFI) Group. In the 2013 review, NCA received a score of 96 out of a possible 100, the highest score to date for any organization in the public or private sector.

NCA continues to leverage its partnerships to increase service for Veterans and their families. As a complement to the national cemetery system, NCA administers the Veterans Cemetery Grant Service (VCGS), which provides grants to establish, expand, or improve state and tribal Veterans' cemeteries. There are currently 90 operational state and tribal cemeteries in 45 states, Guam, and Saipan, with five more under

construction. Since 1980, VCGS awarded grants totaling more than \$566 million to establish, expand, or improve these Veterans' cemeteries. In 2013, these cemeteries conducted over 32,000 burials for Veterans and family members.

### **Legislation**

In addition to presenting VA's resource requirements, the 2015 President's Budget also proposes legislative action that will benefit Veterans. These proposals build on VA's legislative agenda transmitted in the First Session of the 113th Congress, as part of the 2014 President's Budget. Let me highlight a few provisions: VA proposes a measure that will allow better coordination of care when a Veteran also receives other care at a non-VA hospital, by streamlining the exchange of patient information. Additionally, we propose allowing the CHAMPVA to cover children up to age 26, to make that program consistent with benefits conferred under the ACA. We also are submitting a proposal that would modernize our domiciliary care program by removing income-based eligibility restrictions.

To continue our priority to end Veteran homelessness, VA proposes increased flexibility in the Grant and Per Diem program to focus on the transition to permanent housing. Also among our proposals is a measure that would allow VA to speed payment of Dependency and Indemnity Compensation and other benefits to surviving spouses by eliminating the need for a formal claim when there already is sufficient evidence for VA to act. We greatly appreciate consideration of these and other legislative proposals included in the 2015 Budget and look forward to working with Congress to enact them.

### **Summary**

Since the founding of our great Nation, Veterans helped our country meet all challenges; this remains true today as Veterans help rebuild the American middle class. At VA, we continue to implement the President's vision and transform VA into a 21<sup>st</sup> century leader of efficiency, effectiveness, and innovation within the Federal government. Our 2015 Budget supports Presidential priorities to always add value to the Nation, boost economic growth, strengthen the middle class, and work side-by-side with Federal partners to eliminate unnecessary overlaps or redundancies.

Given today's challenging fiscal environment, this Budget focuses VA resources, policies, and strategies on the most urgent issues facing Veterans and provides the resources critical to expand access, eliminate the disability claims backlog in 2015, and end Veteran homelessness in 2015. There is no greater mission than serving Veterans. Again, thank you for the opportunity to appear before you today and for your unwavering support of Veterans.