

CHRISTINA M. ROOF, NATIONAL DEPUTY LEGISLATIVE DIRECTOR, AMVETS

STATEMENT OF

CHRISTINA M. ROOF
AMVETS NATIONAL DEPUTY LEGISLATIVE DIRECTOR

BEFORE THE

SENATE VETERANS AFFAIRS COMMITTEE

CONCERNING

U.S. DEPARTMENT OF VETERANS AFFAIRS BUDGET REQUEST FOR FISCAL YEAR
2012

WEDNESDAY MARCH 2, 2011
418 RUSSELL SENATE OFFICE BUILDING
10:30 AM

Chairman Murray, Ranking Member Burr and distinguished members of the committee, on behalf of AMVETS I would like to thank you for allowing myself and representatives of the other member organization authors of the Independent Budget to share with you our recommendations on the Department of Veterans Affairs Fiscal Year 2012 budget, in what we believe to be the most fiscally responsible way of ensuring the quality and integrity of the care and benefits our veterans community receive.

AMVETS is honored to join our fellow Veterans' Service Organizations in presenting the Independent Budget's recommendations on the Fiscal Year 2012 Department of Veterans Affairs Budget Request. AMVETS testifies before you as a co-author of The FY 2012 Independent Budget. This is the 25th year AMVETS, the Disabled American Veterans, the Paralyzed Veterans of America and the Veterans of Foreign Wars have combined our expertise, experiences and resources to produce this unique and in-depth document; one that has stood the test of time.

In developing the Independent Budget we are always guided by the same set of principles. These principles include, first, our belief that veterans should not have to wait for the benefits to which they are entitled through their service to our country. Second, every veteran must be ensured access to the highest quality medical care available. Third, specialized care must remain a top priority and focus of the Department of Veterans Affairs (VA). Furthermore, we believe veterans must be guaranteed timely access to the full continuum of health care services, including, but not

limited to, long-term care. Finally, veterans must be assured accessible burial in a state or national cemetery regardless of their location.

As a partner of the Independent Budget, AMVETS devotes a majority of our time to the concerns and matters of the Department of Veterans Affairs National Cemetery Administration (NCA) and to all of the aspects of veteran entrepreneurship and federal procurement. Today I will be speaking directly to these two issues.

By way of background, the stated mission of The National Cemetery Administration (NCA) is to honor veterans with final resting places in national shrines and with lasting tributes that commemorate their service to our nation. Their vision is to serve all veterans and their families with the utmost dignity, respect, and compassion and ensure that every national cemetery will be a place that inspires visitors to understand and appreciate the service and sacrifice of our nation's veterans. Furthermore, many states have established state veterans cemeteries. Eligibility is similar to that of the Department of Veterans Affairs (VA) national cemeteries, but may include residency requirements. Even though they may have been established or improved with government funds through VA's State Cemetery Grants Program, state veterans cemeteries are run solely by the states.

As of late 2010 the Department of Veterans Affairs National Cemetery Administration (NCA) maintained more than 3 million graves at 131 national cemeteries in 39 states and Puerto Rico. Of these cemeteries, 71 are open to all interment; 19 will accept only cremated remains and family members of those already interred; and 41 will only perform interments of family members in the same gravesite as a previously deceased family member.()

VA estimates nearly 23 million veterans are living today. They include veterans from World Wars I and II, the Korean War, the Vietnam War, the Gulf War, the conflicts in Afghanistan and Iraq, the Global War on Terrorism, as well as peacetime veterans. With the anticipated opening of the newly planned national cemeteries, annual interments are projected to increase to approximately 116,000 in 2013, and are projected to maintain that level through 2015. Historically, only 12 percent of veterans opt for burial in a state or national cemetery, although these numbers are rising.

The most important obligation of the NCA is to honor the memory of America's brave men and women who served in the armed forces. Therefore, the purpose of these cemeteries as national shrines is one of NCA's top priorities. Many of the individual cemeteries within the system are steeped in history and the monuments, markers, grounds and related memorial tributes represent the very foundation of the United States. With this understanding, the grounds, including monuments and individual sites of interment, represent a national treasure that must be protected, respected and cherished.

The Independent Budget Veterans Service Organizations (IBVSOs) would like to acknowledge the dedication and commitment of the NCA staff who continue to provide the highest quality of service to veterans and their families. We call on the Administration and Congress to provide the resources needed to meet the changing and critical nature of NCA's mission and fulfill the nation's commitment to all veterans who have served their country honorably and faithfully.

In FY 2010, \$250 million was appropriated for the operations and maintenance of NCA, with approximately \$2 million in carryover. NCA awarded 47 of its 50 minor construction projects that were in the operating plan. Additionally, the State Cemetery Grants Service (SCGS) awarded \$48.5 million in grants for 12 projects.

NCA has done an exceptional job of providing burial options for the nearly 91 percent, about 170,000, of veterans who fall within a 75-mile radius threshold model. However, the NCA realized that, without adjusting this model, only one area, St. Louis, would qualify for a cemetery within the next five years and that the five highest veteran population concentrated areas of the country would never qualify if the threshold remained unchanged.

In 2010, the IBVSOs recommended several new threshold models for NCA to consider in an effort to best serve a veterans population declining in number. The IBVSOs are pleased to see that NCA has adjusted its model and will begin factoring in 80,000 veterans within a 75-mile radius for future cemetery placement. This modification will allow NCA to continue to provide burial options for veterans who would otherwise be limited geographically for this benefit.

National Cemetery Administration (NCA) Accounts

The Independent Budget recommends an operations budget of \$275 million for NCA for fiscal year 2012 so it can meet the increasing demands of interments, gravesite maintenance and related essential elements of cemetery operations.

NCA is responsible for five primary missions: (1) to inter, upon request, the remains of eligible veterans and family members and to permanently maintain gravesites; (2) to mark graves of eligible persons in national, state, or private cemeteries upon appropriate application; (3) to administer the state grant program in the establishment, expansion, or improvement of state veterans cemeteries; (4) to award a presidential certificate and furnish a United States flag to deceased veterans; and (5) to maintain national cemeteries as national shrines sacred to the honor and memory of those interred or memorialized.

However, the national cemetery system continues to face serious challenges. Though there has been significant progress made over recent years, NCA is still struggling to remove decades of blemishes and scars from military burial grounds across the country. Visitors to national cemeteries are still likely to encounter sunken graves, misaligned and dirty grave markers, deteriorating roads, spotty turf and other patches of decay that have been accumulating for decades. If NCA is to continue its commitment to ensure national cemeteries remain dignified and respectful settings that honor deceased veterans and give evidence of the nation's gratitude for their military service, there must be a comprehensive effort to greatly improve the condition, function, and appearance of all our national cemeteries.

NCA has worked tirelessly to improve the appearance of our national cemeteries, investing \$45 million in the National Shrine Initiative in FY 2010 and approximately \$25 million per year for the three previous years. NCA has done an outstanding job thus far in improving the appearance of our national cemeteries, but we have a long way to go to get us where we need to be. In 2006 only 67 percent of headstones and markers in national cemeteries were at the proper height and alignment. By 2009 proper height and alignment increased to 76 percent. NCA is on target to

reach 82 percent this fiscal year. To ensure that NCA has the resources to reach its strategic goal of 90 percent, the IBVSOs recommend that NCA's operations and maintenance budget be increased by \$20 million per year until the operational standards and measures goals are reached.

In addition to the management of national cemeteries, NCA is responsible for the Memorial Program Service. The Memorial Program Service provides lasting memorials for the graves of eligible veterans and honors their service through Presidential Memorial Certificates. Public Laws 107-103 and 107-330 allow for a headstone or marker for the graves of veterans buried in private cemeteries who died on or after September 11, 2001. Prior to this change, NCA could provide this service only to those buried in national or state cemeteries or to unmarked graves in private cemeteries. Public Law 110-157 gives VA authority to provide a medallion to be attached to the headstone or marker of veterans who are buried in a private cemetery. This benefit is available to veterans in lieu of a government-furnished headstone or marker.

The State Cemetery Grants Program

The State Cemeteries Grant Program (SCGP) faces the challenge of meeting a growing interest from states to provide burial services in areas that are not currently served. The intent of the SCGP is to develop a true compliment to, not a replacement for, our federal system of national cemeteries. With the enactment of the Veterans Benefits Improvements Act of 1998, the NCA has been able to strengthen its partnership with states and increase burial service to veterans, especially those living in less densely populated areas not currently served by a national cemetery. Currently there are 48 state and tribal government matching grants for cemetery projects.

The Independent Budget recommends Congress appropriate \$51 million for SCGP for FY 2012. This funding level would allow SCGP to establish new state cemeteries at their current rate that will provide burial options for veterans who live in regions that currently has no reasonably accessible state or national cemeteries.

Burial Benefits

Burial allowance was first introduced in 1917 to prevent veterans from being buried in potter's fields. In 1923 the allowance was modified. The benefit was determined by a means test, and then in 1936 the means test was removed. In its early history the burial allowance was paid to all veterans, regardless of their service connectivity of death. In 1973 the allowance was modified to reflect the status of service connection. The plot allowance was introduced in 1973 as an attempt to provide a plot benefit for veterans who did not have reasonable access to a national cemetery.

In 1973, NCA established a burial allowance that provided partial reimbursements for eligible funeral and burial costs. The current payment is \$2,000 for burial expenses for service-connected (SC) death, \$300 for non-service-connected (NSC) deaths, and \$300 for plot allowance. At its inception, the payout covered 72 percent of the funeral cost for a service-connected death, 22

percent for a non-service-connected death, and 54 percent of the burial plot cost. In 2007 these benefits eroded to 23 percent, 4 percent, and 14 percent respectively. It is time to restore the original value of the benefit.

The IBVSOs are pleased that the last Congress acted to improve the benefits, raising the plot allowance to \$700 as of October 1, 2011. However, there is still a serious deficit in original value of the benefit when compared to the current value.

While the cost of a funeral has increased by nearly 700 percent, the burial benefit has only increased by 250 percent. To restore both the burial allowance and plot allowance back to their 1973 values, the SC benefit payment should be \$6,160, the NSC benefit value payment should be \$1,918, and the plot allowance should increase to \$1,150.

Based on accessibility and the need to provide quality burial benefits, The Independent Budget recommends that VA separate burial benefits into two categories: veterans who live inside the VA accessibility threshold model, and those who live outside the threshold. For those veterans who live outside the threshold, the SC burial benefit should be increased to \$6,160, NSC veteran's burial benefit should be increased to \$1,918, and plot allowance should increase to \$1,150 to match the original value of the benefit. For veterans who live within reasonable accessibility to a state or national cemetery that is able to accommodate burial needs, but the veteran would rather be buried in a private cemetery, the burial benefit should be adjusted. These veterans' burial benefits will be based on the average cost for VA to conduct a funeral. The benefit for a SC burial should be \$2,793, the amount provided for a NSC burial should be \$854, and the plot allowance should be \$1,150. This will provide a burial benefit at equal percentages, but based on the average cost for a VA funeral and not on the private funeral cost that will be provided for those veterans who do not have access to a state or national cemetery.

In addition to the recommendations we have mentioned, the IBVSOs also believe that Congress should enact legislation to adjust these burial benefits for inflation annually.

The IBVSOs call on the Administration and Congress to provide the resources required to meet the critical nature of the NCA mission and fulfill the nation's commitment to all veterans who have served their country so honorably and faithfully.

NCA honors veterans with a final resting place that commemorates their service to this nation. More than 3 million servicemembers who died in every war and conflict are honored through internment in a VA national cemetery. Each Memorial Day and Veterans Day we honor the last full measure of devotion they gave for this country. Our national cemeteries are more than the final resting place of honor for our veterans; they are hallowed ground to those who died in our defense, and a memorial to those who survived.

AMVETS' second focus in the FY 2012 IB is on veteran entrepreneurship and federal procurement as it relates to Service Disabled Veteran Owned Small Businesses (SDVOSB) and Veterans Owned Small Businesses (VOSB). We believe that both of these issues play a vital role in the success of transitioning servicemembers and the quality of life for veterans. And while I do note that a majority of the proceeding information is focused on policy rather than hard fiscal

numbers, we believe that broken policy, duplication of efforts and lack of oversight are key factors in determining fiscally responsible budgets.

Veteran Preference in Federal Hiring and Procurement

Supporting Service-disabled Veteran-owned Small Businesses (SDVOSBs) and Veteran-owned Small Businesses (VOSB) contributes significantly in sustaining a veteran's quality of life, while also contributing to the success and ease of transitioning from active duty to civilian life. Often in these tough economic times, self employment and entrepreneurship are the only ways many veterans are able to earn a living wage. Given the circumstances, now more than ever, federal agencies must be held accountable to meet the federal procurement goals outlined by Executive Order 13360, Sections 15 (g) and 36 of the Small Business Act and the numerous other published federal regulations outlining veterans' preference and SDVOSB set-aside laws.

The Government Accountability Office's (GAO) most recent review of interagency agreements found that VA is still lacking an effective process to ensure that interagency agreements include the required language instructing all federal agencies comply with VA's contracting goals and preferences for SDVOSBs and VOSBs. While it is noted that VA issued guidance to all contracting officers on managing interagency acquisitions in March 2009, the numerous interagency agreements still did not even include the required language addressing VA's contracting goals and preferences until it was amended on March 19, 2010. This serves as an example of how VA is clearly lacking an established hierarchy or clear delegation of duties in oversight activities. This lack of oversight is continuing to contribute to VA having no assurance or metrics in place to conduct proper oversight that agencies have made maximum feasible efforts to contract with SDVOSBs or VOSBs. This lack of oversight only stands to hurt those in which the laws were established to protect, the veterans.

We recommend stronger oversight, outreach and enforcement by all federal agencies tasked with ensuring the success of our veteran entrepreneur community. This includes, but is not limited to, the U.S. Department of Labor (DOL), Office of Small Business Programs (OSBP), Small Business Administration (SBA), Office of Federal Contract Compliance and Procurement (OFCCP) and all other federal agencies committing to reaching their 3 percent goal. All federal agencies must make a high priority of assisting in the development and implementation of stronger strategies and accountability in reaching the three-percent goal of veteran employment and contracting.

Congress must ensure adequate resources are available to effectively monitor and recognize those agencies that are not meeting the three-percent goal and hold them accountable for failure. The annual reports filed by all federal agencies, reporting the prior fiscal years' actual percentage of goal achieved, should serve as guidance as to which agencies need the most assistance in the development and implementation of stronger contracting plans and oversight.

Another critical aspect in ensuring the success of our veteran entrepreneur community is promoting and assisting veterans in their entrepreneurial endeavors through programs such as the Center for Veteran Enterprise (CVE). CVE was established to assist all veterans with the numerous aspects of establishing and maintaining a small business. CVE is a subdivision of the Office of Small and Disadvantaged Business Utilization that extends entrepreneur services to veterans whom own or who want to start a small business. CVE is also tasked with aiding other federal contracting offices in identifying VOSBs in response to Executive Order 133600. In the past, VA has faced many obstacles, from lack of leadership to best practices with their entrepreneurship programs, which have directly resulted in and prevented the success of veteran owned businesses. For this reason, VA established the program entitled the Center for Veterans Enterprise (CVE) with the passage of the Veterans Entrepreneurship and Small Business Development Act of 1999. Furthermore, on Dec. 22, 2006, President Bush signed Public Law 109-461, the Veterans Benefits, Health Care, and Information Technology Act of 2006 in an effort to successfully identify and grant status to SDVOSBs. Effective June 20, 2007, this legislation authorized a unique “Veterans First” approach, specific to VA contracting.

As we move through the 21st century, during a time of war on multiple fronts, the VOSB and SDVOSB population continues to rise at a rate not seen since the end of World War II. As America’s war-fighters transition back into civilian life, many are choosing to pursue lives as entrepreneurs. Given the almost 35 percent influx of VOSB and SDVOSB, it is vital that the Center for Veterans Enterprise be ready and able to meet the growing demand for their services. However, the IBVSOs do not believe that CVE is serving the needs of those veterans it was originally designed to help. Due to a lack of leadership over the past year, we have seen CVE slowly move from the role of assisting VOSB and SDVOSBs to that of an information and referral agency for other federal and state agencies. We believe the Center for Veteran Enterprise must be brought back up to par with what it was originally tasked to do: assisting our veteran population in all aspects for their entrepreneurship endeavors. In order to effectively accomplish this Congress must provide dedicated funding and strong oversight in ensuring CVE is properly staffed, trained and funded.

Vendor Verification Systems

Another key part of protecting our veterans in a successful federal procurement system is through a centralized vendor verification system. We believe it to be vital for all federal agencies to utilize a continually updated, single centralized source database in the verification of all businesses claiming preferred status as a VOSB or SDVOSB.

At present, vendors desiring to do business with the Federal Government must register in the Central Contractor Registration (CCR) database, and those who indicate they are veterans or service-disabled veterans, self-certify their status without verification. P.L. 109-461 required VA to establish a Vendor Information Page (VIP) database to accurately identify businesses that are 51 percent or more owned by veterans or service-disabled veterans. This database was originally designed to act as a reliable, centralized database enabling all federal agencies a single source in the identification of possible SDVOSB and VOSB for consideration during their procurement processes. Furthermore, both contractors and subcontractors involved in the procurement process of any government award is then required to provide the Secretary of Labor a specific breakdown of all information required by the VETS 100 and VETS 100-A filed on an annual

basis, demonstrating their continued compliance with the contracts terms regarding veterans preference and status. As of April 15, 2009, approximately 18,000 SDVOSBs were registered in the Central Contractor Registration, however, due to lack of oversight and an inconsistent, self-reported status verification processes, many non-veteran-owned businesses are not receiving the protections they are entitled to under the law.

On February 8, 2010, the final CFR rules regarding “VA Veteran-Owned Small Business Verification Guidelines” were published. The document affirms as final, with changes, an interim final rule that implements portions of the Veterans Benefits, Health Care, and Information Technology Act of 2006. This law requires the Department of Veterans Affairs (VA) to verify ownership and control of veteran-owned small businesses, including service-disabled veteran-owned small businesses. This final rule declares to define the eligibility requirements for businesses to obtain verified status, explains examination procedures and establishes records retention and review processes. However, the newly published rule fails to outline any solid changes or improvements to the SDVOSB verification process. We further believe the newly published rules on the verification process focused on control and ownership definitions, yet provided no clarification on the specifics of the verification process. The IBVSOs believe these updates to 38 CFR, Part 74 regarding P.L. 109-461 still leave the integrity of the SDVOSB and VOSB verification system open to fraud. This continued lack of clarity and non-uniformed inconsistent status verification processes will cause the same unwanted results of many veteran owned businesses not receiving the protections they are entitled to under the law.

VA has thus far been awarded \$1.4 billion in recovery act funds to aide in the employment and contracting opportunities available to SDVOSB and VOSB. To date \$538 million has been used on awards to SDVOSB and VOSB, according to VA. However, we have very serious concerns on how much of these appropriated funds were actually awarded to legitimate SDVOSB and VOSBs, due to the lack of verification processes in place at VA.

In an effort to resolve this issue we recommend that all federal agencies should be required to certify veteran status and ownership through the VA’s VIP program before awarding contracts to companies claiming veteran status. We also recommend the database be maintained and updated on a regular basis to avoid backlogs of vendors waiting to be certified or re-certified.

Furthermore, Congress must take the necessary actions in requiring all federal agencies to use a single source database in all verifications of veteran ownership statuses before unknowingly awarding contracts to companies on the basis of claiming SDVOSB or VOSB preference. Finally, internal promotion and education on proper usage of the database should coincide with implementation of databases use.

Veteran Set-Asides

Protecting veteran set-asides within the federal procurement system is a matter that must be addressed more rigorously within VA’s training and personnel programs. Public Law 109-461, the “Veterans Benefits, Health Care and Information Technology Act of 2006,” was signed Dec. 22, 2006, and went into effect on June 20, 2007. The law allows VA special authority to provide

set-aside and sole-source contracts to small businesses owned and operated by veterans and service-disabled veterans. This legislation is codified in Title 38, United States Code, sections 8127 and 8128. After more than three years since its enactment, no significant change has been implemented with regard to how federal contracting officers are trained. VA personnel involved in the acquisition process need to be trained and familiarized with all current and new authorizations and responsibilities under P. L. 109-461, as well as all other procurement directives regarding VOSBs and SDVOSBs. Our service disabled veterans who own small businesses cannot afford to wait any longer for VA to enforce compliance with the law.

Under current policy, no proof of compliance is required, nor do random labor audits occur. OIG has issued more than 10 reports illustrating these deficiencies in recent years. Most recently, in October of 2009 the United States Government Accountability Office (GAO) issued their report on “Service-Disabled Veteran-Owned Small Business Program: Case Studies Show Fraud and Abuse Allowed Ineligible Firms to Obtain Millions of Dollars in Contracts” to the Committee on Small Business. This report outlines how millions of dollars in set-aside contracts were awarded to non-SDVOSB businesses due to the gross lack of program controls in place to detect and prevent fraud. The report identified 10 case-study examples of firms that did not meet the basic SDVOSB program eligibility requirements, but yet received over \$100 million in SDVOSB set-aside contracts. VA, DOL, SBA and the OFCCP must exercise better oversight and stronger enforcement with consequences for any government agency or nongovernment business claiming to be awarding set-asides to veteran-owned businesses when, indeed, they are not. There needs to be an immediate focus on proactive measures to eliminate untruths, such as “rent a vet,” and cease only exercising “reactive” strategies. VA, the DOL, SBA, and OFCCP should pool all their resources and successful strategies to ensure swift action and to avoid duplication of efforts.

Furthermore, we believe VA must develop and implement uniformed training processes for all staff involved with the federal procurement process, especially contracting officers. VA must also provide systems and metrics to identify the strengths and weaknesses in its procurement processes, as well as continued training and evaluations of contracting staff in efforts of successfully identifying weaknesses and strengths within the program as a whole.

Lastly, VA, DOL, SBA, OFCCP and the Employment and Training Administration must collaborate in developing and implementing a single-source database for employer outreach programs for the promotion of veterans’ entrepreneurship at local and national levels. This system must allow all employers to locate veterans for employment as well as provide an updated listing of employment opportunities.

Again, Chairman Murray, ranking Member Burr and members of the committee, we thank you for inviting us to share with you our recommendations and stand ready to answer any questions you may have.