Chairman Roe, Ranking Member Walz, and members of the Committee, as one of the co-authors of The Independent Budget (IB), along with DAV and Veterans of Foreign Wars, Paralyzed Veterans of America (PVA) is pleased to present our views regarding the funding requirements for the delivery of health care for the Department of Veterans Affairs (VA) for FY 2018 and advance appropriations for FY 2019.

The IB’s recommendations include funding for all discretionary programs for FY 2018 as well as advance appropriations recommendations for medical care accounts for FY 2019. The full budget report recently released by The Independent Budget addressing all aspects of discretionary funding for the VA can be downloaded at www.independentbudget.org. The FY 2018 projections are particularly important because previous VA Secretary Robert McDonald admitted last year that the VA’s FY 2018 advance appropriation request was not truly sufficient and would need significant additional resources provided this year. We hope that Congress will take this defined shortfall very seriously and appropriately address this need. Our own FY 2018 estimates affirm this need.

We appreciate the fact that the Administration’s budget request just released includes some increases in discretionary dollars for the Medical Care accounts. However, it is important for us to address the notion that VA does not need any additional resources, based on the expansive growth of overall VA expenses in the last 10 years. These ideas are not grounded in thorough analysis of demand and utilization of VA health care. Perhaps Congress can explain how the VA can take on significantly more demand for services both inside VA and in the community, and yet meet that demand and utilization with less resources (an assertion peddled by some organizations). While VA has seen substantial growth in its funding needs over the last decade, much of that is reflected in mandatory benefits to include the implementation of the Post-9/11 GI Bill.
We also believe it is necessary to consider the projected expenditures under the Choice program authority that the previous Administration planned in FY 2017 and how that impacts the baseline that will dictate the funding needs for FY 2018. The previous Administration assumed as much as $5.7 billion in spending through the Choice program in FY 2017, on top of the Medical Services discretionary funding and the newly created Medical Community Care account. That amount was revised to approximately $2.9 billion. This means that the VA projected to spend more than $59.0 billion in Medical Services and more than $71.0 billion in overall Medical Care funding in FY 2017. These considerations inform the decisions of The Independent Budget to establish our baseline for our funding recommendations for both FY 2018 and FY 2019.

Earlier this year, the Administration also indicated that it intends to request as much as $3.5 billion in additional funding for the Choice program to keep it operating at least through the end of FY 2018. That amount has since been revised to $2.9 billion for FY 2018 and $3.5 billion for FY 2019 and beyond. However, this recommendation begs the question: does this recommendation suggest that the Choice program as currently designed should continue in perpetuity? Certainly no reasonable person supports that idea. We believe that Congress must reject continued funding of this program through a mandatory account and place in line with all other community care funded through the discretionary Community Care account established previously by in order to eliminate competing sources of funding for delivery of health care services in the community, while maintaining visibility on spending through the Choice program.

For FY 2018, the IB recommends approximately $77.0 billion in total medical care funding. Congress previously approved only $70.0 billion in total medical care funding for FY 2018 (which includes an assumption of approximately $3.6 billion in medical care collections). The Administration’s budget request includes a not-insignificant overall medical care funding recommendation of approximately $75.2 billion. However, we remain concerned that this level of funding will not keep pace with the continually increasing demand and utilization. The IB’s recommendation also considers the approximately $1 billion VA is expected to have remaining in the Veterans Choice Fund and expected demand for care, including community care, that will not diminish or go away if the Choice Program expires. The Independent Budget recommends approximately $82.8 billion in advance appropriations for total Medical Care for FY 2019.

**Medical Services**

For FY 2018, The Independent Budget recommends $64.5 billion for Medical Services. This recommendation includes:

- Current Services Estimate…………………………$60,897,313,000
- Increase in Patient Workload…………………………$1,595,242,000
- Additional Medical Care Program Cost……………. $2,001,000,000
- Total FY 2018 Medical Services………………………$64,493,555,000

The current services estimate reflects the impact of projected uncontrollable inflation on the cost to provide services to veterans currently using the system. This estimate also assumes a 1.5 percent increase for pay and benefits across the board for all VA employees in FY 2018. It was previously reported that the new Administration would like to consider a 1.9 percent federal pay raise.
Our estimate of growth in patient workload is based on a projected increase of approximately 90,000 new unique patients. These patients include priority group 1–8 veterans and covered non-veterans. We estimate the cost of these new unique patients to be approximately $1.4 billion. The increase in patient workload also includes a projected increase of 58,000 new Operation Enduring Freedom and Operation Iraqi Freedom (OEF/OIF) enrollees, as well as Operation New Dawn (OND) veterans at a cost of approximately $242 million. The increase in utilization among OEF/OIF/OND veterans is supported by the average annual increase in new users through the third quarter of FY 2016.

Additionally, *The Independent Budget* believes that there are medical program funding needs for VA that must be considered. Those costs total approximately $2.0 billion.

**Long-Term Services and Supports**

*The Independent Budget* recommends $535 million for FY 2018. This recommendation reflects the fact that there was a significant increase in the number of veterans receiving Long Term Services and Supports (LTSS) in 2016. Unfortunately, due to loss of authorities—specifically fee-care no longer being authorized, provider agreement authority not yet enacted, and the inability to use Choice funds for all but skilled nursing care—to purchase appropriate LTSS care particularly for home and community-based care, we estimate an increase in the number of veterans using the more costly long-stay and short-stay nursing home care.

**Prosthetics and Sensory Aids**

In order to meet the increase in demand for prosthetics, the *IB* recommends an additional $320 million. This increase in prosthetics funding reflects a similar increase in expenditures from FY 2016 to FY 2017 and the expected continued growth in expenditures for FY 2018.

**Women Veterans**

The Medical Services appropriation should be supplemented with $110 million designated for women’s health care programs in FY 2018. These funds will be used to help the VA deal with the continuing growth in women veterans coming to VA for care, including coverage for gynecological, prenatal, and obstetric care, other gender-specific services, and for expansion and repair of facilities hosting women’s care to improve privacy and safety of these facilities. The new funds would also aid VHA in making its cultural transformation to ensure women veterans are made to feel welcome at VA, and provide means for VA to improve specialized services for preventing suicide and homelessness and improvements for mental health and readjustment services for women veterans.

**Reproductive Services (to Include IVF)**

Last year, Congress authorized appropriations for the remainder of FY 2017 and FY 2018 to provide reproductive services, to include in vitro fertilization (IVF), to service-connected catastrophically disabled veterans whose injuries preclude their ability to conceive children. The VA projects that this service will impact less than 500 veterans and their spouses in FY 2018. The VA also anticipates an expenditure of no more than $20 million during that period. However, these services are not directly funded; therefore, the *IB* recommends approximately $20 million to cover the cost of reproductive services in FY 2018. We are pleased to see that the Administration does retain the authority to provide reproductive services in its budget proposal.
Emergency Care
Recently, the VA has received serious scrutiny for its interpretation of legislation dating back to 2009, which required it to pay for veterans who sought emergency care outside of the VA health care system. The Richard W. Staab v. Robert A. McDonald ruling handed down by the US Court of Appeals for Veterans Claims last year, places the financial responsibility of these emergency care claims squarely on the VA. Although VA continues to appeal this decision, it is not expected to prevail in this case leaving itself with a more than $10 billion dollar obligation over the next 10 years. The Staab ruling is estimated to cost VA approximately $1.0 billion in FY 2018 and about $1.1 billion in FY 2019, which the IB has included in our recommendations. We are disappointed to see that the Administration’s proposal continues to ignore its growing obligation to cover the cost of emergency care as dictated by the Staab decision.

FY 2019 Medical Services Advance Appropriations
The Independent Budget once again offers baseline projections for funding through advance appropriations for the Medical Care accounts for FY 2019. While the enactment of advance appropriations for VA medical care in 2009 helped to improve the predictability of funding requested by the Administration and approved by Congress, we have become increasingly concerned that sufficient corrections have not been made in recent years to adjust for new, unexpected demand for care. As indicated previously, we have serious concerns that the previous Administration significantly underestimated its FY 2018 advance appropriations request. This trend cannot be allowed to continue, particularly as Congress continues to look for ways to reduce discretionary spending, even when those reductions cannot be justified.

For FY 2019, The Independent Budget recommends approximately $69.5 billion for Medical Services. Our Medical Services advance appropriations recommendation includes:

- Current Services Estimate…………………………..$66,334,946,000
- Increase in Patient Workload………………………$1,589,892,000
- Additional Medical Care Program Cost……………..$1,526,000,000
- Total FY 2019 Medical Services…………………..$69,450,838,000

Our estimate of growth in patient workload is based on a projected increase of approximately 78,000 new patients. These new unique patients include priority group 1–8 veterans and covered nonveterans. We estimate the cost of these new patients to be approximately $1.3 billion. This recommendation also reflects an assumption that more veterans will be accessing the system as VA expands its capacity and services and we believe that reliance rates will increase as veterans examine their health care options as a part of the Choice program. The increase in patient workload also assumes a projected increase of 62,500 new OEF/OIF and OND veterans, at a cost of approximately $272 million.

As previously discussed, the IBVSOs believe that there are additional medical program funding needs for VA. In order to meet the increase in demand for prosthetics, the IB recommends an additional $330 million. We believe that VA should invest a minimum of $120 million as an advance appropriation in FY 2019 to expand and improve access to women veterans’ health care programs. Our additional program cost recommendation includes continued investment of $20 million to support extension of the authority to provide reproductive services to the most
catastrophically disabled veterans. Finally, VA’s cost burden for paying emergency care claims dictated by the Staab ruling will require at least $1.1 billion in FY 2019 alone.

**Medical Support and Compliance**
For Medical Support and Compliance, *The Independent Budget* recommends $6.7 billion for FY 2018. Our projected increase reflects growth in current services based on the impact of inflation on the FY 2017 appropriated level. Additionally, for FY 2019 *The Independent Budget* recommends $6.8 billion for Medical Support and Compliance. We have concerns about the significant growth in these administrative account functions recommended by the Administration (nearly $300 million in FY 2018 and an additional $300 million in FY 2019) as these areas have been shown to be bloated on numerous occasions in the past. These dollars could certainly be better spent providing direct care services to veterans.

**Medical Facilities**
For Medical Facilities, *The Independent Budget* recommends $5.8 billion for FY 2018. Our Medical Facilities recommendation includes $1.35 billion for Non-Recurring Maintenance (NRM). Likewise, *The Independent Budget* recommends approximately $6.6 billion for Medical Facilities for FY 2019. Our FY 2019 advance appropriation recommendation also includes $1.35 billion for NRM. We are pleased to see the Administration recommending real funding for this account in FY 2018 (approximately $6.5 billion), but we are concerned that the Budget Request reflects the continued trend of reducing the recommendation in the advance appropriation year ($5.9 billion in FY 2019) in order to seemingly hold down discretionary projections.

**Medical and Prosthetic Research**
We are very disappointed to see the major cut in funding for the Medical and Prosthetic Research program in the Administration’s Budget Request—from $675 million in FY 2017 to $640 million in FY 2018. The VA Medical and Prosthetic Research program is widely acknowledged as a success on many levels, and contributes directly to improved care for veterans and an elevated standard of care for all Americans. We recommend that Congress appropriate $713 million for Medical and Prosthetic Research for FY 2018. Additionally, under the President’s Precision Medicine Initiative, the IBVSOs recommend $65 million to enable VA to process one quarter of the MVP samples collected, for a total research appropriation of $778 million.
Chairman Roe, Ranking Member Walz and members of the Committee, on behalf of the men and women of the Veterans of Foreign Wars of the United States (VFW) and its Auxiliary, thank you for the opportunity to present the VFW’s views on the Department of Veterans Affairs’ (VA) Fiscal Year (FY) 2018 appropriations.

The VFW is glad to see President Trump has proposed a six percent increase in VA’s FY 2018 discretionary budget compared to FY 2017. However, we feel his proposal falls short of what VA needs to keep pace with demand for health care and benefits. The VFW thanks the Administration for its commitment to community care, long-term care, mental health care, woman veterans and efforts to prevent and eliminate veteran homelessness.

However, we are very concerned that the Administration’s request to make the Veterans Choice Program a permanent mandatory program could lead to a gradual erosion of the VA health care system. What is more concerning is that the Administration has chosen to make permanent a flawed program by ending Individual Unemployability benefits for certain severely disabled veterans who are unable to work due to their service-connected disabilities and round down cost of living disability pay increases, a proposal which the VFW has opposed in the past and continues to strongly oppose.

The Administration has also proposed a cap on the amount of tuition and fees that may be paid under the Post-9/11 GI Bill for programs of education in which a public institution of higher learning enters into an agreement with another entity to provide such education. Currently, third party training programs that contract with public schools are able to charge unlimited fees since public schools have no set dollar amount cap.

A couple of years ago, it came to light that some contracted flight training programs were charging exorbitant fees, which far exceeded the cost of an average in-state education. The VFW supports the Administration’s proposal to place a reasonable cap on these sorts of training programs.

The continued failure of Congress to eliminate sequestration has forced the Administration to propose cuts to veteran benefits and cap GI Bill expenditures in order to expand the Choice Program under mandatory spending instead of including the program in its discretionary community care account. In testimony before the Senate and House Committees on Appropriations, Secretary of Veterans Affairs David J. Shulkin has indicated that VA would like all its community care money to come from one account, instead of having two separate accounts for the same purpose and not having the flexibility to use both accounts in accordance with veterans’ demand for community care. The VFW agrees with Secretary Shulkin and urges Congress to consolidate VA’s community care programs and to fund such programs through
VA’s discretionary appropriations account.

Sequestration and its draconian spending caps limit our nation’s ability to provide service members, veterans, and their families the care and benefits they have earned and deserve. The VFW calls on the committee to join our campaign to finally end sequestration and do away with a federal budget process based on the arbitrary budget caps, which significantly limit the government’s ability to carry out programs that experience spikes in demand, such as VA health care. To the VFW, sequestration is the most significant readiness and national security threat of the 21st century, and despite almost universal congressional opposition to such haphazard budgeting, Congress has failed to end it.

The VFW, in partnership with our Independent Budget (IB) co-authors — Disabled American Veterans (DAV) and Paralyzed Veterans of America (PVA) — produces annual budget recommendations for each of VA’s discretionary appropriation accounts and compares them to the Administration’s request. PVA has submitted testimony covering Veterans Health Administration (VHA) appropriation accounts and DAV has covered the IB’s recommendations for the Veterans Benefits Administration accounts. I will focus my remarks on VA’s construction and National Cemetery Administration (NCA) appropriations.

**Major Construction:**

**FY 2018 IB Recommendation -- $1.50 billion**

**FY 2018 Administration Request -- $512 million**

**FY 2017 Appropriations -- $528 million**

For more than a decade, the IB Veterans Service Organizations (IBVSOs) have warned Congress and VA that perpetual underfunding has allowed VA’s infrastructure to erode while its capacity has swelled from 81 percent in 2004 to as high as 120 percent in 2010. We continue to believe that this need for space and chronic underfunding of medical services could lead VA to ration care.

The IBVSOs are working with VA to reform its construction process so facilities can be delivered on time and on budget. Previous errors must be corrected to ensure the issues in Aurora, Colorado, never occur again. However, Congress and the Administration must not ignore the growing capital infrastructure needs of the Department’s health care system.

When VA asked its Veteran Integrated Service Networks (VISN) to evaluate what they need to improve its facilities to meet the increased outpatient demand, VA determined that “improving the condition of VA’s facilities through major construction projects (96) accounted for the largest resource need.” Yet the Administration’s major construction request for VHA is 36 percent less than FY 2017 and 85 percent less than actual expenditures in FY 2016.

When asked why VA is taking a strategic pause on major construction for VHA when its capital infrastructure continues to age and demand continues to increase, VA informed the IBVSOs that it simply did not receive the request that it needed for major construction because of

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sequestration budget caps. Congress must not allow VA’s inability to invest in its VHA’s major
collection to limit veterans’ access to the health care they have earned and deserve by forcing
veterans onto VA’s community care programs and eliminating the choice to receive care at VA
medical facilities.

Currently, VA has 24 major construction projects that are partially funded — some of which
were originally funded in FY 2004 — that need a clear path to completion. An additional three
projects are in the design phase. Outside of the partially funded major projects list are major
construction projects at the top of the FY 2017 priority list that are seismic in nature. These
projects cannot take a strategic pause while Congress and VA decide how to manage capital
infrastructure long-term. VA will need to invest more than $3.5 billion to complete all 24
partially funded projects. Of the top five projects on the priority list, two are seismic deficiencies,
two support the core mission of VA — a mental health clinic and a spinal cord injury center —
and one is an addition to an existing facility. The total cost of these five projects is $1.2 billion.

The IBVSOs recommend that Congress appropriate at least $1.5 billion for major construction in
FY 2018. This amount will fund either the “next phase” or fund “through completion” all
existing projects, and begin advance planning and design development on six major construction
projects that are the highest ranked on VA’s priority list.

**Minor Construction:**
**FY 2018 IB Recommendation -- $700 million**
**FY 2018 Administration Request -- $343 million**
**FY 2017 Appropriations -- $372 million**

In FY 2017, Congress appropriated $372.1 million for minor construction projects. Currently,
approximately 600 minor construction projects need funding to close all current and future year
gaps within ten years. To complete all of these current and projected projects, VA will need to
invest between $6.7 and $8.2 billion in minor construction over the next decade.

In August 2014, the President signed the Veterans Access, Choice, and Accountability Act of
2014 (Public Law 133-146). In this law, Congress provided $5 billion to increase health care
access by increasing medical staffing levels and investing in infrastructure. VA has developed a
spending plan that obligated $511 million for 64 minor construction projects over a two-year
period.

While this infusion of funds has helped, there are still hundreds of minor construction projects
that need funding for completion. It is important to remember that these funds are a supplement
to, not a replacement of, annual appropriations for minor construction projects. The IBVSOs
recommend that Congress fund VA’s minor construction account at $700 million in an effort to
close all identified gaps within ten years.

**Leasing**
Historically, VA has submitted capital leasing requests that meet the growing and changing
needs of veterans. VA has again requested an adequate amount — $270.1 million for its FY 2018
major medical leasing needs. While VA has requested adequate resources, Congress must find a
way to authorize and appropriate leasing projects in a way that precludes the full cost of the lease being accounted for in the first year. There are now 27 major medical leases awaiting congressional authorization, 18 of which have been waiting since FY 2016 and six from FY 2017 that Congress must still authorize. Delays in authorization of these leases have a direct impact on VA’s ability to provide timely care to veterans in their communities. Congress must authorize these leases.

National Cemetery Administration

FY 2018 IB Recommendation -- $291 million
FY 2018 Administration Request -- $306.2 million
FY 2017 Appropriations -- $286 million

The NCA, which receives funding from eight appropriation accounts, has the sacred duty to provide the brave men and women who have worn our nation’s uniform a final resting place that honors their service.

In a strategic effort to meet the burial and access needs of our veterans and eligible family members, the NCA continues to expand and improve the national cemetery system, by adding new and/or expanded national cemeteries. Not surprising, due to the opening of additional national cemeteries, the NCA is expecting an increase in the number of annual veteran interments through 2016 to more than 136,000, up from 125,180 in 2014; this number is expected to slowly decrease after an expected peak of 138,000 in 2022. This much needed expansion of the national cemetery system will help to facilitate the projected increase in annual veteran interments and will simultaneously increase the overall number of graves being maintained by the NCA to 3.7 million in 2018 and 4 million by 2021.

Even as the NCA continues to add veteran burial space to its expanding system, many existing cemeteries are exhausting their capacity and will no longer be able to inter casketed or cremated remains. That is why the VFW is glad the see the Administration’s FY 2018 budget request for the National Cemetery Administration is higher than what the IBVSOs have recommended and includes a seven percent increase from FY 2017 appropriations.

Factors that have placed additional demand on the NCA include an increase in the issuance of Presidential Memorial Certificates, which is expected to increase from approximately 654,000 in 2013 to more than 870,000 in 2017; the expected increase in the burial of Native American, Alaska Native, and Pacific Islander veterans; and the possible increase, thanks to local historians and other interested stakeholders, in requests for headstones or markers for previously unidentified veterans. That is why the IBVSOs are glad to see the Administration has requested $256 million in FY 2018 to fund six national cemetery expansion projects which would provide more than 161,000 new burial spaces for veterans.

With the above considerations in mind, The Independent Budget recommends $291 million for FY 2018 for the Operations & Maintenance of the NCA. The IBVSOs believe that this should include a minimum of $20 million for the National Shrine Initiative. The IBVSOs laud the Administration for providing NCA the first increase in this important initiative since FY 2013.
Mr. Chairman and Members of the Committee, as one of the co-authors of *The Independent Budget* (IB), along with Veterans of Foreign Wars (VFW) and Paralyzed Veterans of America (PVA), DAV is pleased to present our views regarding fiscal year (FY) 2018 funding requirements to support the Department of Veterans Affairs (VA) ability to process and deliver benefits to veterans, their families and survivors.

**GENERAL OPERATING EXPENSES (GOE)**

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<tr>
<th>Veterans Benefits Administration</th>
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<td>The Veterans Benefits Administration (VBA) account is comprised of six primary divisions. These include Compensation; Pension; Education; Vocational Rehabilitation and Employment (VR&amp;E); Housing; and Insurance. The increases recommended for these accounts primarily reflect current services estimates with the impact of inflation accounting for most of the increase. However, the IB recommendations for Compensation and VR&amp;E also reflect a significant increase in requested staffing to meet the rising demand for those benefits. The <em>IB</em> recommends approximately $3.135 billion overall for VBA for FY 2018, an increase of approximately $279 million over the enacted FY 2017 appropriations level. The IB recommendation includes an increase of $183 million above current services in the Compensation account, and approximately $32 million above current services in the VR&amp;E account to provide for approximately 2,000 new full-time equivalent employees (FTEE) to address rising workload.</td>
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<th>Compensation Service Personnel</th>
<th>1750 New FTEEs</th>
<th>$183 million</th>
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<td>VBA continues to produce record numbers of claims while maintaining an emphasis on quality. Over the past few years, VBA has made significant progress in reducing the disability compensation backlog, which at its peak, stood at over 600,000 claims in March 2013. Today, the claims backlog stands at just over 90,000 claims, a decrease of more than 85 percent from its peak. There has also been a troubling rise in the overall disability claims inventory and the amount of time it takes to process both claims and appeals. These increases can be attributed to multiple factors, including an increase in the number of claims and appeals being filed, the lack of adequate resources to keep pace with demand and the curtailing of mandatory overtime to reduce the claims backlog.</td>
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<td>In 2009, VBA issued claims decisions on 2.74 million medical issues; that number more than doubled to 5.76 million in FY 2016, but was less than FY 2015 when it issued 6.35 million decisions on medical issues. In March of 2013, VBA required roughly 282 days to process a claim. At the close of FY 2016, VBA reported that on average, it took 123 days to process a claim; however, in FY 2015, VBA reported that it took, on average, 92 days to complete a claim. In FY 2015, total inventory stood at about 352,000 claims; today VBA has a total inventory close to 400,000 claims. Furthermore, VBA has an inventory of nearly 584,000 non-disability rating claims, for example, claims for changes in dependent or marital status.</td>
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It will require a combined focus on technology and staffing levels to enable VBA to provide veterans and their dependents with more timely and accurate claims decisions. For FY 2018, the Independent Budget veterans service organizations IBVSOS recommend an additional 1,750 FTEE to manage VBA’s overall rising workload. Furthermore, since VBA stopped utilizing mandatory overtime for claims processing, the true need for additional personnel has become more evident. Of the overall increase in personnel, we recommend 1,000 FTEE be dedicated to processing appeals pending at VBA in an effort to eliminate the backlog of 380,000 appeals in VBA over the next three years. Depending on progress this year, further personnel increases may be necessary to reduce the appeals backlog at VBA. In addition, we recommend 350 FTEE be dedicated to addressing the growing backlog of non-rating related work, such as dependency claims. An additional further 300 FTEE should be dedicated for claims processing to address the incremental rise in the claims inventory and backlog and 100 FTEE dedicated to staffing the Fiduciary program to meet the growing needs of veterans participating in VA’s Caregiver Support programs. This recommendation is based on a July 2015 VA Inspector General report on the Fiduciary program that found, “...Field Examiner staffing did not keep pace with the growth in the beneficiary population, [and] VBA did not staff the hubs according to their staffing plan….”

**VR&E Service Personnel**

| 266 New FTEE | $32 million |

The Vocational Rehabilitation and Employment Service (VR&E), also known as the VetSuccess program, provides critical counseling and other adjunct services necessary to enable service disabled veterans to overcome barriers as they prepare for, find, and maintain gainful employment. VetSuccess offers services on five tracks: re-employment; rapid access to employment; self-employment; employment through long-term services; and independent living. VR&E also operates its VetSuccess on Campus (VSOC) program at 94 college campuses.

Over the past few years, program participation has increased by 15 percent overall: increasing by 7.3 percent in FY 2015, 3.8 percent in FY 2016, and an estimated 4 percent in FY 2017. As VBA continues to expand VR&E eligibility to more veterans, due to increased claims processing and the award of new service-connected disabilities due to new presumptive disabilities, we project that total program participation for FY 2018 will grow by at least 5 percent for total caseload of close to 155,000.

Last year, Congress enacted Public Law 114–223, which authorizes the Secretary to use appropriated funds to ensure the ratio of veterans to full-time employment equivalents does not exceed 125 veterans to one full-time employment equivalent, a goal that VA has not met for many years. In July 2015, VR&E reported that its average Vocational Rehabilitation Counselor (VRC)-to-client ratio had risen to 1:139. However, in both FY 2016 and FY 2017, the Administration flat-lined the VR&E request for direct personnel at 1,442. In order to achieve and sustain a 1:125 counselor-to-client ratio in FY 2018, we estimate that VR&E would need 266 new FTEE, for a total workforce of 1,550 FTEE, to manage an active caseload and provide support services to 155,000 VR&E participants. At a minimum, three-quarters, of the new hires should be VRCs dedicated to providing direct services to veterans. This increase in personnel would address expected growth in VR&E claim filings and program participation, as well as collateral duties performed by VRCs outside of general case management. It is also essential that these increases be properly distributed throughout all of VR&E to ensure that VRC caseloads are equitably balanced among VA Regional Offices.
Faced with a rising appeals backlog that could no longer be ignored, Congress last year authorized the Board of Veterans’ Appeals (Board) to increase its FTEE by 242 over FY 2016 levels, bringing their total authorized staffing to 922 FTEE for FY 2017; however, the Board currently has only about 860 FTEE. For FY 2018, the IBVSOs recommend no additional increases in FTEE; but note, the Board must be permitted to hire its full complement of 922 FTEE. Further, as the number of claims processed annually continues to rise as a result of the increased capacity of VBA, the number of appeals filed annually will grow commensurately. In order for the Board to keep pace with this new incoming workload alone, not including those appeals already in the system, FTEE levels will have to be adjusted accordingly, though appeals reform legislation could alleviate some of that need in the future.

The VA Appeals Improvement and Modernization Act of 2017 (H.R. 2288), legislation that would fundamentally reform and streamline the overall appeals process has been introduced in the 115th Congress and is moving forward. This measure includes provisions that reflect significant efforts and the consensus of a working group formed in March 2016 that consisted of the IBVSOs, other VSO stakeholders, and leaders within VBA and the Board. Regardless of potential passage of this legislation the Board will continue to require resources commensurate with workload, especially to process legacy appeals remaining at the time of enactment of new appeals reform legislation. Further, the Board must be funded and empowered to continue pursuing IT modernization solutions that best meet the specific workflow needs of the Board, while ensuring it also supports seamless integration with VBMS and other IT systems used by VBA and the Court of Appeals for Veterans Claims.

COST OF LIVING ROUND DOWN

The Administration’s budget proposal released on May 23, 2017, contains a provision that would round down cost-of-living adjustments (COLAs) for our nation’s injured and ill veterans and their families for a period of 10 years. DAV and our IB partners are opposed to this rounding down provision. Veterans and their survivors rely on their compensation for essential purchases such as food, transportation, rent, and utilities. It also enables them to maintain a marginally higher quality of life.

Rounding down veterans’ COLAs unfairly targets disabled veterans, their dependents and survivors to save the government money or offset the cost of other federal programs. The cumulative effect of this provision of law would, in essence, levy a 10-year tax on disabled veterans and their survivors, reducing their income each year. When multiplied by the number of disabled veterans and recipients of Dependency and Indemnity Compensation or DIC, hundreds of millions of dollars would be siphoned from these deserving individuals annually. All totaled, VA estimates, this proposed COLA round down would cost beneficiaries close to $2.7 billion over 10 years.

INDIVIDUAL UNEMPLOYABILITY AND SOCIAL SECURITY OFFSET

We also note there is a new proposal included in the President’s budget that would impact the VA’s Individual Unemployability or IU program which allows VA to pay certain veterans disability compensation at the 100 percent rate, even though VA has not rated their service-connected disabilities at the total level. Specifically, the proposal would terminate existing IU ratings for
veterans when they reach the minimum retirement age for Social Security purposes, or upon enactment of the proposal if the veteran is already in receipt of Social Security retirement benefits. DAV and our IB partners oppose this proposal.

We oppose any measure that proposes to offset the payment of any other federal benefit, or earned benefit entitlement by VA compensation payments made to service-connected disabled veterans. Benefits received from the VA, or based on military retirement pay and other federal programs have differing eligibility criteria as compared with the earned payments of Social Security. Reducing a benefit provided to a disabled veteran in receipt of IU due to receipt of a different benefit offered through separate federal benefit program is simply an unjust penalty.

Likewise, we are opposed to limiting a compensation benefit due to a veteran’s age. Some veterans might not have income replacement available—especially those who had been on IU for an extended period in advance of reaching retirement age.

Mr. Chairman, thank you for the opportunity to submit testimony and to present our views regarding FY 2018 funding requirements to support the VA’s ability to process and deliver benefits to veterans, their families and survivors. I would be happy to respond to any questions that you or members of the Committee may have regarding this statement or our recommendations.