

**THE LEGISLATIVE PRESENTATION OF THE
DISABLED AMERICAN VETERANS**

HEARING
BEFORE THE
COMMITTEE ON VETERANS' AFFAIRS
UNITED STATES SENATE
ONE HUNDRED NINTH CONGRESS
SECOND SESSION

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FEBRUARY 28, 2006
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THE LEGISLATIVE PRESENTATION OF THE DISABLED AMERICAN VETERANS

TUESDAY, FEBRUARY 28, 2006

U.S. SENATE,
COMMITTEE ON VETERANS' AFFAIRS,
Washington, D.C.

The committee met, pursuant to notice, at 2:10 p.m., in room SH-216, Hart Senate Office Building, Hon. Larry E. Craig (chairman of the committee) presiding.

Present: Senators Craig, Salazar, Akaka, and Murray.

OPENING STATEMENT OF HON. LARRY E. CRAIG, U.S. SENATOR FROM IDAHO

Chairman CRAIG. Good afternoon, ladies and gentlemen. Thank you all for being with us. I am proud to convene the Senate Veterans' Affairs Committee, and I welcome all of you.

It is a pleasure to welcome you here today to receive legislative presentations from the Disabled American Veterans.

Before we begin, I would like to extend a very special welcome to the DAV members who have traveled from my home state of Idaho. I understand that Edger and Sharon Dungess are in the audience, our junior vice commander and DAV auxiliary commander, along with Brian Alspach, a national service supervisor, Francis Redding, a State commander for the Department of Idaho, and Barbara Redding, past national DAV officer. We welcome fellow Idahoans certainly to the committee.

I would also like to welcome Mr. Paul Jackson, the national commander of the Disabled American Veterans. Congratulations on your selection as national commander, and thank you for joining us today.

I will also welcome Senator Ken Salazar, a Member of the committee, who will be introducing Mr. Jackson, and welcome to other DAV and DAV auxiliary members at the witness table who I understand Mr. Jackson will introduce.

Today's hearing is the first of several hearings that the committee will hold this year to receive legislative presentations of various veterans organizations. Although these Senate hearings are a departure from prior practice, I am pleased that veterans organizations will continue to have an opportunity to express their views to this committee, and I am confident this hearing will provide us with valuable input to consider as we tackle some of the important issues of this session.

Before I turn it over to you, Mr. Jackson, I would like to say a few words about this committee's activities this last year and some important issues that we will confront this year.

By any measure, this committee has had a busy and productive first session, convening 23 hearings here in Washington, nine field hearings, and four markups. These hearings led to the enactment of legislation to increase disability compensation and survivor payments, to provide traumatic injury insurance protection to seriously wounded service members, to increase the maximum amount of veterans' and service members' life insurance coverage, to provide integrated online information to survivors about Federal benefits, and to close the parole loophole that allowed certain capital offenders to receive burial and funeral honors.

This committee also worked to fill a gap in VA's health care funding and approved legislation to improve housing and other benefits and to provide enhancement of health care programs.

This session, we began by holding a hearing to examine employment programs for veterans and why these programs have not helped some groups of veterans find jobs. Exploring ways to improve the high unemployment rate among some groups of veterans, particularly young recently separated veterans and veterans with disabilities, will continue to be a very clear focus of this committee.

Of course, now the committee's primary focus must be the President's fiscal year 2007 budget proposal for the Department of Veterans Affairs. As I stated at a hearing earlier this month, I believe this record budget request is extraordinary and shows that the President has made veterans a top priority, and I am pleased about that.

I am concerned, however, that at the present spending rate, VA spending will double almost every 6 years and will soon collide with spending demands in other areas of our Government. Although we may wish that veterans funding exists in a vacuum, it simply does not, and we, those of us on this committee, are soon going to be faced with some very important decisions about how to deal with these fiscal realities.

As I am sure you are all aware, the President has proposed one way for us to respond to these fiscal challenges, by asking 7 and 8 priority veterans with no service-related disabilities to contribute \$21 per month to enroll in the VA health care system and \$15 for a 30-day supply of medicine.

Although I personally find these proposals to be reasonable, I know DAV and other veterans organizations have voiced strong opposition. So I will reiterate my hope that your organization as well as other veterans organizations will engage this committee in a serious and candid discussion, if not about the President's proposals, then about other options.

Mr. Jackson, your organization played a key role in seeking reform for the VA health care system 10 years ago, and we are now reaping the benefits of that reform with one of the highest-quality health care delivery systems in the Nation.

Today, we have that topnotch health care, and it is under your leadership that DAV now has the opportunity to help us find ways to sustain this incredible health care system into the future.

If we address these issues now, we can help ensure that future vets will not be faced with drastic or more difficult changes needed to solve the problems. I personally do not want to pass this issue on to the next guy. Instead, I want to pass on to tomorrow's veterans a sustainable quality health care system that provides quality care that is accessible to those who need it, but affordable to those who want it.

I hope you agree with these goals, and are willing to work together, no matter whatever it takes to make sure that we resolve this issue and sustain the quality health care system that I know all of us are tremendously proud of.

Again, thank you for all of you coming today to join with us in providing this testimony and the kind of continuing dialogue that your organization has had for so many years with this committee.

Senator Akaka would like you to understand—let's see. He is not here yet for his opening statement, but I believe that he may be able to make it.

We also have a vote at 2:30. So we will recess for a moment and step away, but with that in mind, let me turn to my Democratic colleague who is here, a new Member of the committee who I have enjoyed working with who, by his presence and his dedication to this committee, has shown his dedication toward America's veterans, Senator Ken Salazar of Colorado.

Ken, I turn to you for any opening comments you would like to make and to the introduction of Mr. Jackson.

Thank you.

Senator SALAZAR. Thank you very much.

What I would like to do, if it is okay with you, Mr. Chairman, is to make an opening statement and then have the immense privilege and honor of introducing Commander Jackson.

Chairman CRAIG. Let me, before I do that, so we will move right into Mr. Jackson's testimony, I see that we are being joined by some of the House Veterans' Affairs Committee people, and I welcome you. I understand there may be some others coming.

I understand that the House Veterans' Affairs Committee had an opportunity to hear DAV earlier this month. So I hope our colleagues in the House will understand that I must ensure the time be dedicated to the Senate Members. You are certainly welcome, and we appreciate that, but for the sake of timing and the sake of our colleagues, any question and answer and response will be dedicated only to U.S. Senators, but you are welcome. We appreciate you being here, and I recognize your presence. Thank you.

Please.

**OPENING STATEMENT OF HON. KEN SALAZAR, U.S. SENATOR
FROM COLORADO**

Senator SALAZAR. Good afternoon. Thank you, Chairman Craig, and I also want to thank Senator Akaka for holding this important hearing today.

I want to thank the representatives of the DAV who are in attendance here today, especially those who have traveled from my State of Colorado, including Commander Jackson who just came back from Iraq and had a trip around the Nation doing some other things for the DAV.

Although the format of the hearing this year is a little different from the past, I appreciate the opportunity that Senator Craig and Senator Akaka are providing us, so that we can hear from the DAV on your priorities. I am grateful for the work that each of you do in connection with our service to our Nation's disabled veterans.

I am very proud to have a fellow Coloradan who is a commander, the national commander for the organization. I am confident that he will exemplify the State's commitment to these issues and that he will make Colorado and our Nation proud as he has always in his past.

Today, I know is the first series of hearings on the legislative proposals of the major veterans service organizations that give us the Independent Budget. Every year, 27 VSO's work very hard to present this independent budget to the Congress and to the executive branch. I appreciate the work that goes into the creation of that Independent Budget.

These hearings for me were extremely valuable last year, my first year in the Senate and my first year of service on the Veterans' Affairs Committee, because they showed me your side of the story from the veterans' perspective.

The hearings helped me understand the budget not from the view of simply the VA or from other Members of Congress, but from the people that the budget affects every day all across our country, the veterans themselves. That is why I keep a copy of the Independent Budget on my bookshelf. It lays out very clearly the steps we need to take to reform our Nation's veterans' services and to meet our obligation to provide for the men and women who have sacrificed so much for our country and for their families.

At the center of the Independent Budget's recommendations for reform and at the forefront of priorities of disabled veterans across America is a critical issue of how to fund VA health care. As our Nation struggles with a growing health care crisis, we can all agree that the VA health care system serves as an example for how health care should be provided.

In addition, though, through its medical research programs, the VA is frequently responsible for great strides in medical science that contribute significantly to the quality of health care across the country.

Given the significance of the Veterans Health Administration to our Nation's health care system and the paramount importance of providing our Nation's veterans with the high-quality care that our Government and Nation has promised them, we owe it to our service members, our veterans and our Nation, to be honest about our needs and to provide funding adequate to meet those needs.

While this year's budget request does a better job of meeting those standards and the one we considered a year ago, it does not take the steps that are necessary to ensure proper continuity of care for our Nation's veterans. We cannot keep responding to uncertain budget requests with appropriations we hope are adequate, only to be faced with additional shortfalls.

This issue is especially important as our service members return from Iraq and Afghanistan in growing numbers and with severe service-connected disabilities. Instead of being forced to ration care by uncertainty about funding, VA officials and the veterans they

serve deserve to know that the care they need will be there today, tomorrow, and every day for the years to come. The answer in my view is mandatory funding.

I am a cosponsor of Senator Johnson's bill to ensure that funding for VA health care is guaranteed, and I will work hard to see that we continue to fight to make it become law.

Unfortunately, VA health care funding is not our only challenge. We need to do much more to eliminate the claims processing backlog that exists with respect to veterans' benefits. It is so disheartening to think that the only thing standing between veterans in need and the benefits they have earned is sometimes a needless bureaucratic delay.

We also must work down the disability tax and allow full concurrent receipt now. You should not have to subtract what you have suffered from what you have earned.

As we strive to overcome these and all the challenges we face, I am proud to work with Senator Craig, my colleague and friend from Idaho, and Senator Akaka, my colleague and friend from Hawaii, as well as with our colleagues from the House of Representatives. Our priorities are your priorities, and I am proud to stand by you as we fight to achieve them.

Before I introduce Paul Jackson, I also want to introduce, just very briefly, the most recent addition to the House Veterans' Affairs Committee. He happens to be someone whom I have known for the full 50 years of my life. He is a veteran himself, and he is the Congressman from the 3rd Congressional District of the State of Colorado which covers the Western Slope and Pueblo and parts of southern Colorado. It is the first time in our time together here in the U.S. Capitol that we actually get to sit on a committee together and hold a hearing together.

So, Representative Salazar, welcome to the Senate side of things.

Chairman CRAIG. Ken, I am assuming there is a last name similarity. Is there a relationship there, or are you just distant neighbors?

Senator SALAZAR. You couldn't tell by the hair. Right?

Chairman CRAIG. Well, I was drawing some conclusions. Yes. Welcome again.

Congressman SALAZAR. Thank you, Mr. Chairman.

Senator SALAZAR. He is my older brother. So he can pull rank in that respect, but I am the Senator. So maybe I can pull rank in that respect.

Chairman CRAIG. Of course, you can. You are on your turf right now. Okay?

Senator SALAZAR. Thank you. Thank you, Chairman Craig.

Commander Jackson, it is my immense privilege to introduce you here today. You are not only a distinguished member of today's panel, but you also have distinguished yourself in the service to our country.

As the national commander of one of the largest veterans service organizations in the Nation, I am so proud of the fact that you are also a fellow Coloradan.

Commander Jackson served honorably in our Nation's military for 21 years, a career that included wartime service in both Korea and two tours of duty in Vietnam.

He has served as a member of the U.S. Marine Corps, as a member of the U.S. Army 1st Infantry in the 101st Airborne Division, and 12 years after retiring from the military in 1973, Commander Jackson joined the Disabled American Veterans where he has dedicated the last 20 years of his life to advocating on behalf of disabled veterans and their families.

Commander Jackson, like the over 2 million veterans he works tirelessly for every day, is a service-connected disabled veteran. He does his job so well not only because he is a hard worker and a dedicated professional, but because he is intimately familiar with his constituents' priorities.

He has served with DAV in a number of capacities, ranging from member of the DAV National Employment Committee to senior vice commander to his current position as national commander. I am especially proud of his service as a member of the DAV Department of the Colorado Board of Directors.

Although he was born in Texas, Commander Jackson has been a fellow Coloradan since his days as a student at Pike's Peak Community College in Colorado Springs. He is a life member of the Colorado DAV Chapter 7 where he has impressively held all elected chapter offices. He has served our State in a number of important roles, including as a fraud investigator in Colorado's Department of Social Services.

I am deeply proud that Commander Jackson, his wife Jean, and his four children call Colorado home, and a fellow Coloradan is serving as a national commander for such a distinguished organization. I am honored to have the opportunity to introduce Commander Jackson at today's hearing.

Chairman CRAIG. Ken, thank you, and Commander Jackson, welcome again before the committee.

As I did say, we have a vote at 2:30. We will allow you, of course, to complete your opening statement. We may then recess for a moment, run and vote. We will be back then for the balance of the committee and for questions.

So please proceed, and welcome again.

STATEMENT OF PAUL W. JACKSON, NATIONAL COMMANDER, DISABLED AMERICAN VETERANS, ACCOMPANIED BY: DAVID W. GORMAN, EXECUTIVE DIRECTOR, WASHINGTON HEADQUARTERS; ARTHUR H. WILSON, NATIONAL ADJUTANT; JOSEPH A. VIOLANTE, NATIONAL LEGISLATIVE DIRECTOR; EDWARD E. HARTMAN, NATIONAL DIRECTOR OF VOLUNTARY SERVICES; EDWARD R. REESE, JR., NATIONAL SERVICE DIRECTOR; AND JUDY M. STEINHOUSE, NATIONAL COMMANDER, DISABLED AMERICAN VETERANS AUXILIARY

Mr. JACKSON. Thank you, Senator Salazar.

Chairman Craig, I want to personally thank you for this opportunity to appear before you and your committee.

Mr. Chairman and Members of the Veterans' Affairs Committee, please allow me to introduce those seated at the table with me as well as some of our distinguished guests: National Adjutant Art Wilson, Executive Directors Rick Patterson and Dave Gorman, National Service Director Randy Reese, Legislative Director Joe Violante, Volunteer Service Director Ed Hartman, Auxiliary Na-

tional Commander Judy Steinhouse of North Dakota, Auxiliary National Adjutant Maria Tedrow, DAV Senior Vice Commander Bradley Barton of Oregon; Junior Vice Commanders Rob Reynolds of Virginia, Ray Dempsey of Illinois, Bobby Barrera of Texas, and Wallace Tyson of North Carolina; National Judge Advocate Mike Dobmeier of North Dakota, Past National Commander James Sursely of Florida, Chaplain Edward Bastille of California, and National Chief of Staff Norbert Wenthold.

I would also like to introduce my wife Jean and my two daughters, Ida and Jeanine, in the back of me.

Chairman CRAIG. Welcome to all of you.

Mr. JACKSON. I will ask the DAV National Executive Committee to please stand and be recognized.

May I ask the members of the National Legislative Interim Committee to please stand.

I wish to recognize Department of Colorado Commander Kenneth Camal, Adjutant Mike Terry, and the entire 17th District which includes Colorado.

Mr. Chairman, in my remarks today, I will briefly touch on a number of important topics that my written statement covers in more detail.

Chairman CRAIG. Commander, your full statement will be a part of the record. Please proceed.

Mr. JACKSON. I welcome any questions or comments from Members of the committee, and my staff will be available to respond.

On behalf of the 1.5 million members of the Disabled American Veterans and its Auxiliary, I am pleased to discuss the agenda of our Nation's wartime disabled veterans and their families.

Mr. Chairman, today, America's sons and daughters are serving in our armed forces, protecting our freedoms here and abroad.

Having returned from Iraq on February 22nd, I can tell you that those brave men and women representing us over there makes me very proud to be an American. They make us all very proud.

Sadly, though, all too many of them have come home bearing the wounds and scars of war. Not since the Vietnam War has our Nation had to deal with such a significant number of severely disabled wartime casualties.

Although they do receive excellent military care from the military, I am concerned about whether they will be able to receive timely, quality health care from the VA well into the future.

In March 2005, then-DAV National Commander Jim Sursely expressed our concern about the VA's ability to care for our Nation's veterans. In his testimony to the House and Senate Veterans' Affairs Committee, he cited a number of news articles about budget shortfalls at VA facilities across the country. Unfortunately, at that time, his concerns fell mostly on deaf ears.

Then last June, the VA finally admitted to a critical shortfall, which Congress had to cover with supplemental appropriations.

Mr. Chairman, I want to thank you, Ranking Member Daniel Akaka, and Senator Kay Bailey Hutchison for your advocacy in providing those much-needed funds. I also want to commend Senator Patty Murray for bringing the funding crisis to light very early on. Thank you all very much.

However, despite that welcome infusion of funds, we continue to hear from the field that budget problems still persist. The hiring freeze is still in place, and employee levels in VA health care remain unchanged for the years 2005 and 2006. And what's worse, we understand that the VA medical facilities are required to pay back the money they received to cover last year's funding shortfalls. For some facilities, the increase they receive will only help to pay for salary increases. Others report continued deficits and backlogs. Some are actually reducing health care, and some medical facilities are wondering how they will make it through the year.

Mr. Chairman, veterans' health care remains underfunded, and that threatens the quality and availability of care to America's sick and disabled veterans, and just what kind of message does that send to the brave men and women who are fighting in the war on terrorism?

Under the President's budget, medical services would rise from \$22.5 billion to \$24.7 billion, or a 9-percent increase. The DAV and the Independent Budget organizations are calling on Congress to provide almost \$26 billion for medical services. This is almost \$1.3 billion more than the President has requested, and we are united in opposing new fees and higher co-payments on certain veterans who choose to get their care from the VA.

Mr. Chairman, we believe the veterans health care system is certainly worth the investment. The VA provides top-quality, cost-effective care to a most deserving group of veterans.

Today, the quality of VA care is recognized worldwide. Improvements in VA care are a result of the Health Care Eligibility Reform Act of 1996. In order to continue providing this world-class quality health care, the VA needs a critical mass of veterans, young and old, healthy and sick, to ensure it can continue to provide a full range of care.

The long-term viability of the veterans health care system also depends on an adequate reliable funding stream. The DAV and other veterans service organizations are united in calling for guaranteed mandatory funding. Only then will sick and disabled veterans be able to receive this quality care in a timely manner now and in the future.

We believe funding for veterans benefits and health care should be a top priority for our Government. They are a continuing cost of our national defense.

Mr. Chairman, I will now focus on the benefits side of the VA.

A core mission of the VA is providing benefits to relieve the economic effects of disability upon veterans and their families. Disability benefits are critical, and they should always be a top priority of the Government.

We are pleased the President's budget would add more staffing in the education, vocational rehabilitation, and employment programs, but we are perplexed by the recommendation to reduce staffing for compensation claims processing.

Likewise, we are concerned about longstanding problems and chronic understaffing in compensation and pension service. That is compounded by an expected increase in disability claims. While the President's budget calls for cutting 149 employees from the current level, the Independent Budget has recommended adding 1,300

claim workers. Because the already unacceptable backlog would grow even larger in 2006 and 2007, we urge the committee to recommend adequate staffing for C&P.

Mr. Chairman, DAV's legislative mandates have been made available to your staff. So I will only comment on a few of them at this time.

In addition to reforming the budget process for VA health care and improving accuracy and timeliness of the claims process, the members of the DAV call upon this committee to: increase the face value of service-disabled veterans' insurance, authorize VA to revise its premium schedule to reflect current mortality tables, extend eligibility for veterans' mortgage life insurance to service-connected veterans rated permanently and totally disabled, support additional increases in grants for automobiles and specially adapted housing and provide an automatic annual increase based on the cost of living, and support legislation for full concurrent receipt of military longevity retirement pay and VA disability compensation for all affected veterans.

We also ask support for S. 633 to authorize minting of coins to help fund the American Veterans Disabled for Life Memorial.

Mr. Chairman, since our inception, the DAV has sought to protect the interests of all disabled veterans. The purpose our founders set for themselves in 1920 remains the same today: building better lives for America's disabled veterans and their families.

I am extremely proud of what the DAV stands for and what we have accomplished in our 86-year history.

In fulfilling our mandate of service, the DAV employs a corps of 260 professional trained national service officers located throughout the country and 24 transition service officers at military separate centers. All of our NSO's and TSO's are wartime service-connected disabled veterans. About half of them are Gulf War veterans.

Last year alone, our professional service officers counseled, free of charge, a quarter-million veterans and their family members in their claims for VA benefits.

The DAV's Mobile Service Office Program puts our NSO's on the road to assist veterans where they live. Some of these offices on wheels were deployed to the areas hardest hit by Hurricanes Katrina and Rita, and the DAV provided nearly \$1.8 million in direct funding to disabled veterans and their families affected by the storms.

In addition to those professional services, the DAV and its auxiliary together have more than 16,000 volunteers in VA hospitals and clinics. Last year, they logged 2.4 million hours of free service to the patients and VA.

Since we began our free transportation program, the DAV has purchased and then donated to the VA nearly 1,700 vans at a cost of \$34 million. This year, we will be presenting the VA with 129 more new vans.

Since the transportation program began in 1987, our vans have provided nearly 9.5 million round trips to veterans, traveling more than 360 million miles. This program served disabled veterans in every State and every congressional district in the country, and for all they do to serve our veterans and their communities, these mag-

nificent volunteers are a source of pride and inspiration for us all. I want to publicly acknowledge their commitment and compassion to our Nation's veterans.

Thank you all very much. Mr. Chairman, this completes my testimony.

[The prepared statement of Mr. W. Jackson follows:]

PREPARED STATEMENT OF PAUL W. JACKSON, NATIONAL COMMANDER
OF THE DISABLED AMERICAN VETERANS

Mr. Chairman and Members of the Veterans' Affairs Committee:

As National Commander of the more than 1.5 million members of the Disabled American Veterans (DAV) and its Auxiliary, I am honored and privileged to appear before you today to discuss the agenda and major concerns of our nation's wartime disabled veterans and their families.

Chairman Craig and Ranking Member Akaka, I thank you for your strong leadership of this Committee. During the first session of this Congress, this Committee was very active on veterans' issues. I also thank you for providing me with this opportunity to testify on the legislative goals of the DAV following the unilateral cancellation of joint hearings by the Chairman of the House Veterans' Affairs Committee.

The opportunity to present testimony before joint hearings of the House and Senate Veterans' Affairs Committee has been a long-standing tradition enabling veterans service organizations (VSOs) the occasion to provide the authorizers of veterans' programs with our legislative agenda and concerns. These hearings also provided your members with the chance to address the numerous constituents who are present from their states, and it provided DAV members with the opportunity to see their elected officials respond to issues critical to them and other disabled veterans. Hundreds of DAV members make this annual pilgrimage to our nation's capital to witness this event.

Again, however, let me thank you for fulfilling our request for this hearing today. It is our sincere desire that next year we can again provide our testimony before a joint hearing of the Veterans' Affairs Committees.

In a speech on June 27, 1944, before the Republican National Convention in Chicago, Illinois, former President Herbert Hoover stated, "Older men declare war. But it is the youth that must fight and die. And it is the youth who must inherit the tribulation, the sorrow, and the triumphs that are the aftermath of war."

Mr. Chairman, before you today are the young men and women from past generations who served this great nation in its time of need—its time of war.

Today, it is our sons and daughters, grandchildren and, in some cases, great-grandchildren who are serving our nation in our armed services, protecting our freedoms here and abroad. Many are fighting and dying in our War on Terror in Operations Enduring Freedom and Iraqi Freedom. These brave men and women are attempting to bring peace and democracy to an area of the world that has known neither for centuries. These brave soldiers, sailors, airmen, Marines, and coast guardsmen, whether active duty, reservists, or national guardsmen, are also serving to ensure our safety and preserve our cherished way of life.

It is because of our nation's ongoing War on Terror and the aftermath of that war on our youth that the DAV's focus on veterans' programs has been with an eye towards the future. Each day, new combat-injured and other casualties of our War on Terror return to America for medical care and rehabilitation of their injuries. For many, rehabilitation of their physical wounds will require years of sustained medical and rehabilitative care services.

Not since the Vietnam War has our nation had to deal with such a significant number of severely disabled wartime casualties. As of January 3, 2006, there were 381 amputees from Operations Iraqi Freedom and Enduring Freedom. These individuals have sustained the loss of an arm(s), leg(s), hand(s), and/or foot (feet). This number includes 276 soldiers, 45 of whom have multiple amputations; 87 Marines, 14 of whom have multiple amputations; 7 sailors, one of whom has multiple amputations; 6 airmen, one of whom has multiple amputations. Of the 381 amputees, 104, or 27 percent of these individuals have upper extremity amputations.

Although the medical care and services they are receiving from the military today is excellent, I am concerned about their ability to receive quality health care in a timely manner from the VA in the future, if our government continues to fund VA programs at inadequate levels or undermines the "critical mass" of patients needed to provide a full continuum of quality health care to disabled veterans currently enrolled in the VA health care system and those who will enroll in the future.

It has been stated: "To prepare for the future, examine the present. To understand the present, study the past." The DAV has undertaken such a study.

In a recently published history of the DAV, *Wars & Scars*, DAV's Adjutant and Chief Executive Officer, Arthur H. Wilson, noted:

This great organization was formed as our country struggled to deal with the painful effects of World War I. At this moment, our Nation is struggling once again with the impact of war—as American men and women face combat in Iraq, Afghanistan, and other nations.

A great deal has changed in the 85 years since the DAV was founded, but this much has remained the same: those who come home from war wounded and sick need the care and attention of a grateful nation. . . .

But the story on the pages that follow—the history of the Disabled American Veterans—is not a story of able-bodied people taking care of handicapped veterans. While it is certainly true that the American people have been invaluable partners in the DAV's mission, the work of our organization has been a self-help proposition since the beginning. The DAV—disabled veterans helping disabled veterans—continues working cohesively to build better lives for all disabled veterans and their families!

Since its inception, the DAV, then known as Disabled American Veterans of the World War (DAVWW), looked to protect the interests not only of current veterans, but for those who would follow them.

The DAV's first National Commander, Judge Robert S. Marx, of Cincinnati, Ohio, an Army infantry officer, who had the distinction of capturing the furthest point taken by the American Army prior to the armistice, and who was wounded by an enemy shell exploding over his battalion headquarters, convincingly pointed out that, as an organized national group, the voices of disabled veterans would be stronger in the halls of Congress and the White House. Judge Marx earned the honored title, "Father of the DAV."

The purpose those disabled veterans set for themselves in 1921 remains the same today: building better lives for all of our nation's disabled veterans and their families. The first goal the DAVWW wanted Congress to establish was one Federal agency that would have the authority to handle all programs for veterans. The DAVWW called upon Congress to consolidate veterans' programs that fell within the jurisdiction of three agencies: the Bureau of War Risk Insurance, the Public Health Service, and the Federal Board of Vocational Training. Working with other veterans' groups, the DAVWW eventually secured legislation establishing the Veterans' Bureau, later renamed the Veterans Administration, which was the forerunner of today's Department of Veterans Affairs.

By 1926, the DAVWW had fielded a nationwide claim-filing assistance effort that eventually evolved into today's DAV National Service Program. I will discuss DAV's Service Program in more detail later. In 1931, the Disabled American Veterans Service Foundation was created, the forerunner of the organization known today as the DAV National Service Foundation. At the time, the Foundation was the fund-raising arm of the national organization and its chapters. It no longer fulfills such a comprehensive role, but its official mission remains "to develop financial resources in support of the goals and purpose of the DAV, including providing support to DAV's National Service Program and other service initiatives."

In the dark days of the Great Depression, during 1932, high unemployment in America created a tax revenue problem for our government, and a crisis developed regarding the \$2.4 billion bonus bill for our nation's World War I veterans. A "Bonus Army" of some 20,000 unemployed American veterans came to Washington and set up camp, vowing to stay until Congress passed a bill providing full and immediate payment of their bonus certificates. However, after the Senate voted down the bill, known as the Patman Resolution, most of the veterans returned home. On July 28, 1932, on one of the saddest and most memorable days in the veterans' movement, General Douglas MacArthur led Federal troops and used tear gas to forcibly evict the Bonus Army from their huts along the Anacostia River. It was at the height of this crisis, that the National Economy League was formed. With many prominent citizens in its leadership, the league received substantial press attention as it fought against instances of what it saw as "excess spending."

In an effort to cut Federal expenses, President Roosevelt imposed the Economy Act of 1933, which cut veterans' disability allowances by 25 percent, approximately \$400 million. Unfortunately, Roosevelt was quoted as saying:

"No one, because he wore a uniform must therefore be placed in a special class of beneficiaries over and above all other citizens. The fact of wearing a uniform does not mean that he can demand and receive from his government a benefit which no other citizen receives."

I believe President Roosevelt was wrong on that score, and so did Congress.

Pressure from veterans' groups continued until a lump-sum bonus law was passed over Roosevelt's veto in 1936. Congress restored the cuts in veterans' benefits, but it took until 1948 to win back what the economy bill had taken away.

On June 17, 1932, Congress recognized the DAV'S unique and outstanding service and issued a Federal charter to the organization. This document recognized the organization as the official voice of our nation's wartime disabled veterans.

A decade later, the 1943 delegates to the DAVWW convention were treated to one of the best collections of speakers up until that time. VA Administrator Frank Hines, Kaiser Shipbuilding Corporation President Henry J. Kaiser, U.S. Civil Service Commissioner Arthur J. Flemming, and New York City Mayor Fiorello LaGuardia, all echoed a similar theme: "Thank God for the DAVWW in times like these when we need them the most!"

With this country once again embroiled in war, the National Executive Committee felt it was time to update the name of the organization, and the DAVWW became the Disabled American Veterans—the DAV.

With many returning disabled World War II veterans, the DAV initiated a new National Service Officer training program in October 1944 at American University in Washington, DC., and 354 people were trained and employed as DAV National Service Officers. This training provided an exceptional base of service officers with the knowledge and expertise to ensure that disabled veterans receive their earned benefits under VA law.

These 354 men and women who graduated from the 10 classes between 1944 and 1948, formed the core of the DAV National Service Program, and provided a management team that led this organization for several decades.

In 1994, 50 years after DAV's first training academy, DAV began a new 16-week training course at the DAV National Service Officer Training Academy at the University of Colorado at Denver. One of the first classes at the academy was greeted by a Member of the President's cabinet, Secretary Jesse Brown, instructing them on information they would need to know to help them serve disabled veterans. Secretary Brown stated, "America has a solemn obligation to assure that the men and women who have served and sacrificed for this country and the cause of freedom will never be forgotten or neglected."

Like the founders of this great organization, we must be farsighted to ensure that VA remains a viable provider of veterans' benefits and health care services for our newest generation of disabled veterans. These young brave men and women will need the full continuum of care and services VA provides today, well into the latter part of this century.

Last year, in March 2005, my predecessor, then National Commander James E. Sursely, expressed his concerns about the VA's ability to care for our nation's sick and disabled veterans and he reported the following to this Committee and the House Veterans' Affairs Committee:

On December 20, 2004, I was briefed by the [VA] . . . on VA's fiscal year (FY) 2005 budget outlook. While I was acutely aware of the fact that the fiscal year 2005 budget approved by Congress for VA was totally inadequate. . . . I was shocked and dismayed to learn that the \$1.2 billion increase for VA health care provided by Congress above the Administration's request, resulted in a zero net gain for the VA health care system. . . .

Within a month of the passage of the fiscal year 2005 appropriations bill, stories began to appear around the country about the shortfalls in VA health care funding and its adverse impact on VA's ability to care for our nation's sick and disabled veterans.

In a December 20, 2004 story in a Mississippi newspaper, it was noted that although the VA medical center in Jackson, Mississippi, will receive a 6 percent increase in its budget, it is "not enough to fully fund everything. . . ."

"Colorado's veterans health care system is straining under unprecedented demand and a budget shortfall" as reported in a December 23, 2004 article in the Denver Post. . . . The system will get \$3 million less this year than expected. This 2 percent shortfall will mean a hiring freeze and a likely return of waiting lists for medical care, according to the VA director. . . . Actually, according to the article, the fiscal year 2005 budget is \$700,000 less than the fiscal year 2002 funding levels—that's correct, \$700,000 less than the fiscal year 2002 spending level.

In Pennsylvania, the Van Zandt VA Medical Center faces a projected \$5 million shortfall this fiscal year as reported by the Altoona Mirror. . . .

In a news story out of Augusta, Maine, it was reported that there is an initial \$14.2 million shortfall projected for the annual allocations at the VA Medical Center at Togus. . . . It was also noted that the annual deficit for the VISN . . . was

pegged at \$65 million; however, approximately \$30 million had been found to reduce that shortfall.

We have been told that the VA facility in Boise, Idaho, has an approximate \$2 million deficit in fiscal year 2005. As a result of this deficit, no new programs will be started, there is a hiring freeze, and there will be no new growth in primary care patients.

In New Mexico, there is a \$4 million budget shortfall. As a result of this budget deficit, the hospital will lose 60 employees who will not be replaced.

The Administration has proposed a fiscal year 2006 budget recommendation that is one of the most tight-fisted, miserly budgets for veterans programs in recent memory. Instead of providing adequate funds for the VA medical system, the budget proposes to shift the cost burden onto the backs of veterans, making health care more expensive and even less accessible for millions of America's defenders.

The VA medical system has been strained to the breaking point over the years because its appropriation has failed to keep pace with the skyrocketing costs of health care and increased patient loads. As a result, VA facilities across the country are cutting staff and limiting services even as the number of veterans seeking care is on the rise.

Mr. Chairman, that was a year ago. Between then and now, Congress stepped up and provided supplemental funding for VA for fiscal year 2005, and designated \$1.2 billion as emergency funding for fiscal year 2006. The DAV was pleased when the President signed off on that emergency designation on January 28, 2006, and that money became available to VA. However, we are hearing from the field nationwide that budget woes are still present in 2006. The hiring freeze is still in place. A review of the recently submitted Administration's budget proposal demonstrates unchanged employee levels for fiscal years 2005 and 2006.

It is our understanding that VA medical facilities are required to "pay back" a substantial portion of the money they received from VA Central Office for the shortfalls in funding for fiscal year 2005. Some facilities are reporting that the increase they received in the fiscal year 2006 budget will help to pay for salary increases only. Others report continued deficits and backlogs. Some are actually reducing non-VA health care. And some medical facilities are questioning how they will make it through the year.

Mr. Chairman, it is our sincere desire that Congress will not allow VA to get into another shortfall situation like the fiscal year 2005 fiasco. The DAV was grateful that Congress enacted the requirement that VA report to Congress quarterly on its state of affairs. We look forward to reviewing that first report.

Mr. Chairman, I can assure you that the DAV, along with the other members of the Independent Budget, AMVETS, Paralyzed Veterans of America, and Veterans of Foreign Wars of the United States, does not ask for more money for VA just to help VA build a large fiefdom. Our monetary and program recommendations are based on not only discussions with the "bean counters" and program directors at VA Central Office, but also on conversations with VA employees who are on the front line of providing care and services to our nation's sick and disabled veterans. We also receive information from our members and employees about the state of affairs at VA facilities nationwide.

The time is now for all of us—Congress, the Administration, and the veterans' community—to come together to resolve the inherent problems involved in funding VA health care. It is shameful that veterans are forced each year to come to Congress to beg for necessary additional funding for VA programs.

As called for in the President's fiscal year 2007 budget submission, total VA funding for the next fiscal year would increase about 12 percent, from the current \$71.8 billion to \$80.6 billion. More than half of the budget would go for mandatory programs such as disability compensation and pensions. Medical care for veterans would rise from \$30.8 billion to \$34.3 billion, or an 11 percent increase. As called for in the President's budget submission, medical services for veterans would rise from \$22.5 billion to \$24.7 billion, or a 9 percent increase. In testimony, VA is on record as stating that it needs an annual 13 percent to 14 percent increase in medical care funding to provide current services. Fortunately, this year's budget proposal comes much closer to meeting the needs of our nation's sick and disabled veterans than the past several years. Although there is still a significant gap between what has been proposed and what is needed to ensure timely access to health care services and benefit decisions.

The DAV and other major veterans service organizations are united in calling on Congress to provide \$25.99 billion for veterans medical services, almost \$1.3 billion more than the President has requested, and we are united in opposition to imposing new fees and higher co-payments on certain veterans who choose to get their care from the VA.

Again, in light of last year's admonishment to not include such a proposal, the Administration wants to impose a new \$250 annual user fee on certain veterans who also would see their prescription drug co-payments almost doubled, from \$8 to \$15. Those veterans, some of whom are DAV members, already pay for the health care they receive from the VA. Adding to their out-of-pocket costs would force them out of the system and put even greater strain on resources needed to treat their fellow veterans. The cost of medical care for these veterans is the least costly care of any group of veterans treated by VA, and these groups bring in the highest level of collections.

A medical system that only treats the sickest of the sick and the poorest of the poor is not sustainable and would be undesirable. In the end, it would seriously erode the quality of care for today's veterans and tomorrow's.

Mr. Chairman, let us not forget that benefits and services for disabled veterans, in fact all veterans, remain primarily the responsibility of our government. The citizens and government of a country that sends its young sons and daughters to defend its homeland and fight its wars have a strong moral obligation to repay them for bearing such a heavy burden. While all citizens of this great nation enjoy our cherished freedoms and our way of life, less than 10 percent of our population have served, sacrificed, and paid a price for those freedoms and our life style. Our indebtedness to veterans is more important than any other part of our national debt because, without their sacrifices, we would not exist as a nation, nor would the citizens of many foreign nations enjoy the freedoms many Americans take for granted.

While we can never fully repay those who have stood in harm's way protecting freedom, a grateful nation has established a system to provide benefits and health care services to veterans as a measure of restitution for their personal sacrifices and as a way for all citizens to share the costs of war and national defense.

Because of their extraordinary sacrifices and contributions in preserving our cherished freedoms and way of life, veterans have earned the right to VA health care as a continuing cost of national defense and security. The Health Care Eligibility Reform Act of 1996 authorized eligible veterans access to VA health care and brought us closer to meeting our moral obligation as a nation to care for veterans and generously provide them the benefits and health care they rightfully deserve. It also authorized VA to provide a full continuum of care to veterans, thereby greatly improving the quality of care VA provides. Today, the quality of VA health care is recognized worldwide.

In the mid-1990s, DAV partnered with nine other organizations to form the Partnership for Veterans Health Care Reform. At that time, the 10 organizations, representing more than nine million veterans, petitioned Congress to reinvent veterans' health care.

This Partnership also discussed another problem, chronic under funding of the VA health care system. We noted that discretionary funding for VA health care failed to keep pace with medical inflation and the changing needs of the veteran population. Further, as a result of the chronic under funding of the system, VA was forced to ration care, deny services to eligible veterans, restrict needed medical treatment, and forego the modernization of facilities and the purchase of necessary state-of-the-art medical equipment.

Then and now, the solution seems rather obvious: "guaranteed funding." We recommended that VA health care funding must be guaranteed for the provision of a comprehensive benefit package to all eligible veterans who choose VA. The Partnership asked Congress to make VA health care accounts non-discretionary.

Congress passed the Health Care Eligibility Reform Act of 1996; however, Congress did not change the funding stream for VA health care. Therefore, because the level of funding to cover the costs of treating veterans is not guaranteed, and is repeatedly insufficient, VA is forced to ration medical care.

Ten years after eligibility reform, DAV and other veterans organizations continue to petition Congress for meaningful action to ensure that VA has sufficient funding to care for those veterans who come to VA for their medical care needs. Guaranteed funding for VA health care is a viable solution to the current crisis in VA health care and is supported by all the major veterans service organizations.

To guarantee the viability of the VA health care system for current and future service-connected disabled veterans, it is imperative that our government provide an adequate health care budget to enable VA to serve the needs of disabled and sick veterans nationwide. To meet those needs, it is imperative that the funding for the VA health care system be guaranteed and that all service-connected disabled veterans and other enrolled veterans be able to access the system in a timely manner to receive the quality health care they have earned. By including all veterans currently eligible and enrolled for care in a guaranteed funding proposal, the system and the specialized programs VA developed to improve the health and well-being

of our nation's service-connected disabled veterans will be protected, now and into the future. To exclude a large segment of currently eligible and enrolled veterans from the VA health care system, however, could undermine VA's ability to provide a full continuum of care and specialty care to disabled veterans in the future.

Mr. Chairman, DAV supports and endorses the efforts of the Senators from South Dakota to call for hearings by this Committee to examine the budget process to determine how best to serve the health care needs of our nation's sick and disabled veterans. Both Senators have also introduced legislation on changing VA health care funding from a discretionary funding stream to a mandatory funding process. Senator Johnson introduced S. 331, the Assured Funding for Veterans Health Care Act, and Senator Thune introduced S. 963, the Veterans Health Care and Equitable Access Act. DAV encourages all the Members of this Committee to support and co-sponsor this important legislation.

When properly funded, the VA is able to provide cost-effective, quality health care services to millions of sick and disabled veterans each year. Additionally, treating veterans at VA rather than state-sponsored programs helps to relieve the stress on states, which routinely pick up the cost of caring for the poor. For example, an analysis conducted by Missouri's state auditor in 2004 found the state could have saved at least \$5.5 million if veterans who received benefits through Medicaid had instead received care from the VA. The specialized services provided by VA, such as acute and long-term care, actually subsidize Medicare and Medicaid programs at great savings to the Medicare Trust Fund and to taxpayers, since VA health care is less costly than the services provided by either Medicare or Medicaid. It makes fiscal sense to treat veterans in the VA health care system, instead of more costly care elsewhere.

Missouri is not the only state to see a benefit in getting veterans off state rolls and into the VA. The State of Washington Department of Social and Health Services has recently used software to identify veterans enrolled in public assistance programs, and "introduced" more than 2,000 veterans to VA health care benefits. The state project manager claimed that the state has saved more than \$4 million in fiscal year 2005 moving people from Medicaid to VA. Reportedly, of the nearly 46,000 Medicaid enrollees who receive long-term care in the state of Washington, about five percent are veterans.

VA is the largest integrated health care system in the United States with 7.5 million enrollees, 1,300 sites of care, including 156 medical centers or hospitals, 720 outpatient clinics, 206 readjustment counseling centers, 43 residential rehabilitation treatment programs, and 134 nursing homes. VA has about 197,000 health care employees and affiliations with 107 academic health systems. The veterans health care system offers an array of specialized services to meet the complex health care needs of veterans who tend to be older, sicker, and poorer than the population as a whole. Many of these specialized services in areas such as prosthetics, spinal cord injury, blind rehabilitation, post traumatic stress disorder, serious mental illness, and traumatic brain injury are not readily available in the private sector.

As the debate over national health care continues, this country cannot afford to ignore the hundreds of hospitals, clinics, nursing homes, and other facilities that care for America's veterans. In purely material terms, the nation can ill afford to lose the nearly 200,000 dedicated health care professionals and support staff who provide this high-quality care and contribute to the economic stability of communities across the country. We cannot sit silently on the sidelines as the debate moves forward. The virtues and benefits of the VA health care system must be part of the debate. If we don't make our voices heard, we could be in jeopardy of losing the system designed to meet the unique health care needs of sick and disabled veterans.

The change in the VA health care system due to eligibility reform has created a more cost-effective and efficient health care system. Progress made as a result of these changes has made VA a world leader in the health care industry. VA consistently sets the benchmark for patients' satisfaction in inpatient and outpatient services, according to the American Customer Satisfaction Index developed by the University of Michigan Business School. The Institute of Medicine has recognized the VA as one of the best in the nation for its integrated health information system. The top-notch research done at VA facilities benefits all Americans, not just veterans. VA medical, prosthetic, and health services researchers have received Nobel Prizes and other distinguished awards for their work at VA. Major breakthroughs pioneered by the VA are invaluable to the entire health care profession. The VA also leads the nation in geriatric research, education, and training and provides long-term care for thousands of veterans each year.

In addition to these notable accomplishments, VA medical facilities are a strategically located national resource. By statute, the VA serves as a backup to the Department of Defense and the National Disaster Medical Systems in time of national

emergency. This so-called fourth mission for the VA is especially important while the nation is at war and remains at risk for terrorist attacks that could injure or sicken thousands. However, this fourth mission has never been properly funded.

Even though VA is unquestionably a success story, Congress typically provides an annual discretionary appropriation for veterans health care that falls far short of actual needs. Over the years, funding needed to ensure health care programs and services are readily accessible for veterans has not kept pace with inflation, let alone the increased demand for services.

When resources are inadequate to meet demand, VA hospital directors are forced to ration care, and Veterans Health Administration (VHA) policymakers must make difficult decisions and set priorities for care delivery. The current discretionary funding method used to appropriate resources for VA, coupled with continued inadequate and frequently late budgets, have created a funding crisis in the system and jeopardize quality of care to America's sick and disabled veterans.

We believe funding for veterans benefits and health care services should be a top priority for Congress and the Administration as a continuing cost of our national defense. Once the guns fall silent, veterans should not have to beg for benefits they have earned and rightfully deserve for their service and sacrifice. A promise of benefits and services alone is not good enough. Approved programs must be sufficiently funded. As a nation, we must be willing to bear the costs of providing special benefits to such a unique group—those men and women who were willing, on behalf of all Americans, to serve in peace time and fight our wars to preserve our cherished freedoms and democratic values. To assure the veterans medical care system is maintained as a top government priority, its funding should be mandatory to remove it from competition with politically popular but less meritorious projects and programs.

An American servicemember injured today in Afghanistan or Iraq will need the VA health care system beyond the middle of this century. However, if the VA health care system is allowed to be significantly reduced, these brave men and women would not likely be able to replicate the special care they receive from VA in the private sector, which is currently undergoing a crisis of its own.

During this period of war, emphasis has been placed on ensuring that newly returning war wounded veterans have top priority for treatment at VA facilities. Although no one would question that this new generation of veterans deserves ready access to VA's specialized health care services, we must not forget there are previous generations of veterans who continue to rely on the VA health care system for service-related injuries incurred decades ago. As veterans age, those with catastrophic spinal cord injury, limb loss, blindness, post traumatic stress disorder, and traumatic brain injury often require more medical attention than in the past for their service-connected conditions. Likewise, other veterans dependent on VA health care services deserve timely access to care as well. Funding must be sufficient to provide timely quality health care to all enrolled veterans.

We recognize that providing full funding for VA health care will not solve all of VA's problems. However, VA, as the largest integrated health care system in the United States, must have a sufficient budget to effectively manage its health care programs and services and to hire the appropriate number of clinicians, nurses, and support staff to meet the demand for high-quality medical care. VA must also have the ability to adequately prepare for the coming year well in advance. With guaranteed funding, VA can strategically plan for the future to optimize its assets, achieve greater efficiency, and realize long-term savings. The current discretionary funding mechanism for VA medical care benefits neither VA nor taxpayers, and it certainly is having a negative impact on veterans.

One thing is clear—the shortfall in the fiscal year 2005 budget for VA medical care has had a sobering effect on local medical centers, as I noted earlier. The Administration's initial budget recommendation for VA health care in fiscal year 2006 was a recipe for disaster. Backfilling these shortfalls does not have the same effect as providing VA with the proper funding levels at the beginning of each fiscal year.

While we applaud the Members of this Committee for their action to correct the past shortfall in VA's health care funding, the need for after-the-fact corrections of funding shortfalls for VA health care places the VA health care system and those sick and disabled veterans who rely on that medical care at risk. Forcing VA to ration health care to veterans and then trying to play "catch-up" when much-needed funds are belatedly infused into the system is at cross purposes with providing quality health care in a timely manner. It also prohibits VA officials from adequately planning for future health care needs, such as hiring doctors, nurses, and other health care providers.

As an organization dedicated to building better lives for disabled veterans and their families, we have an awesome responsibility regarding these important health

care issues that impact our veterans and generations of veterans to come. Now, with our fighting men and women in battle and our veterans from past eras battling for needed care, our message is more important than it ever has been. Make the commitment now that you will stand up to be counted by supporting a change in the current VA health care budget process. By doing so we ensure the sacrifices of those who have served are recognized and honored.

Mr. Chairman, mandatory health care funding would not create an individual entitlement to health care, nor change the VA's current mission. Making veterans health care funding mandatory would eliminate the year-to-year uncertainty about funding levels that have prevented the VA from being able to adequately plan for and meet the growing needs of veterans seeking treatment. Rationed health care is no way to honor America's obligation to the brave men and women who have so honorably served our nation and continue to carry the physical and mental scars of that service.

Your support of guaranteed funding for veterans health care would further demonstrate your commitment to the men and women appearing before you today and the more than seven million veterans who have enrolled for VA health care. Again, I ask your active support of this critical legislation. At the very least, we should be afforded an opportunity to provide testimony on alternative methods to funding VA health care and openly discuss this issue with Members of this Committee and the VA present.

Mr. Chairman, I will now focus on the benefits side of VA.

A core mission of the VA is the provision of benefits to relieve the economic effects of disability upon veterans and their families. For those benefits to effectively fulfill their intended purpose, VA must promptly deliver them to veterans. The ability of disabled veterans to care for themselves and their families often depends on these benefits. The need for benefits among disabled veterans is usually urgent. While awaiting action by VA, they and their families suffer hardships; protracted delays can lead to deprivation, bankruptcies, and homelessness. Disability benefits are critical, and providing for disabled veterans should always be a top priority of the government.

VA can promptly deliver benefits to entitled veterans only if it can process and adjudicate claims in a timely and accurate fashion. However, VA has neither maintained the necessary capacity to match and meet its claims workload nor corrected systemic deficiencies that compound the problem of inadequate capacity.

Rather than making headway and overcoming the chronic claims backlog and consequent protracted delays in claims disposition, VA has lost ground to the problem, with the backlog of pending claims growing substantially larger. The claims backlog has swollen, and the appellate workload is growing at an alarming rate, suggesting further degradation of quality or at least continuation of quality problems.

Insufficient resources are the result of misplaced priorities, in which the agenda is to reduce spending on veterans programs despite a need for greater resources to meet a growing workload in a time of war and a need for added resources to overcome the deficiencies and failures of the past. Instead of requesting the additional resources needed, the President has sought and Congress has provided fewer resources. Recent budgets have sought reductions in fulltime employees for the Veterans Benefits Administration (VBA) in fiscal years 2003 through 2006. Since fiscal year 2003, VBA has lost about 500 employees. Such reductions in staffing are clearly at odds with the realities of VA's workload and its failure to improve quality and make gains against the claims backlog.

The fiscal year 2007 budget submission again fails to provide sufficient resources to VBA to handle the claims workload. Let me now turn to the President's budget request for the VBA under the General Operating Expenses account. We are pleased to see that the President finally recognizes a need to add more staffing to meet the workloads in the education benefits program and the vocational rehabilitation and employment program, though these requests still fall short of what is necessary. At the same time, we are perplexed by the budget recommendation to reduce direct program staffing for compensation claims processing, an area with the most critical and widely acknowledged need for additional adjudicators.

The President's budget requests 930 fulltime employees (FTE), an increase of 46 above the fiscal year 2006 authorization, for VBA's Education Service. As a partner in The Independent Budget (IB), the DAV recommends 1,033 FTE for Education Service. This increased staffing is needed to make up for improvident reductions in staffing in FYs 2004 and 2005 and to meet the increased workload.

For the Vocational Rehabilitation and Employment business line, the President's budget requests 1,255 FTE, an increase of 130 FTE over the fiscal year 2006 level. The IB recommends 1,375 FTE. This represents an additional 200 FTE as recommended by the VA Vocational Rehabilitation and Employment Task Force to im-

prove the program, along with another 50 additional FTE for management and oversight of contract counselors and rehabilitation and employment service providers.

Based on the adverse and long-standing problems from chronic understaffing in VBA's Compensation and Pension Service (C&P), compounded by anticipated increased claims volumes, the IB recommended 10,820 FTE for C&P Service. The President's budget requests 9,445 FTE, which would reduce direct program FTE for handling compensation claims by 149 in 2007. Even with ambitious assumptions of increased production during fiscal year 2006 and fiscal year 2007 despite this reduction in staffing and even with unsupported projections of slowed growth in the volume of new claims in both years, the budget concedes that the already unacceptable claims backlog would grow even larger in 2006 and 2007. To knowingly request resource levels that will only make an intolerable situation worse, is indefensible, and we urge the Committee to recommend adequate staffing for C&P.

VA must have a long-term strategy focused principally on attaining quality and not merely achieving production numbers. It must have adequate resources, and it must invest them in that long-term strategy rather than reactively targeting them to short-term, temporary, and superficial gains. Only then can the claims backlog really be overcome. Only then will the system serve disabled veterans in a satisfactory fashion, in which their needs are addressed timely with the effects of disability alleviated by prompt delivery of benefits. Veterans who suffer disability from military service should not also have to needlessly suffer economic deprivation because of the inefficiency and indifference of their government.

Once again, this year's budget recommendations fail to provide the necessary resources and, therefore, the timely adjudication of claims continues to remain at risk.

Mr. Chairman, major policy positions of the DAV are derived from resolutions adopted by the delegates to our annual National Conventions. Since our first National Convention in 1921, the DAV's annual legislative program has served to guide our advocacy for disabled veterans in accordance with the will of our members. Our 2006 mandates cover a broad spectrum of VA programs and services and have been made available to your Committees and to the members of your staffs. Since DAV was founded in 1920, promoting meaningful, reasonable, and responsible public policy for disabled veterans has been at the heart of who we are and what we do. Our will and commitment come from the grassroots, nurtured in the fruitful soil of veterans' sacrifices and strengthened by the vitality of our membership.

With the realization that we shall have the opportunity to more fully address those resolutions during hearings before your Committees and personally with your staffs, I shall only briefly comment upon a few of them at this time.

What I communicate to you here today echoes the hopes and desires and, in some cases, the despair of disabled veterans, who appeal to the conscience of the nation to do what is right and just. Accordingly, in addition to correcting the budget process for VA health care and the problems at VBA prohibiting the timely and accurate production of claims decisions, the members of the DAV call upon the Members of this Committee to:

- Increase the face value of Service Disabled Veterans' Insurance (SDVI). The current \$10,000 maximum for life insurance for veterans was first established in 1917, when most annual salaries were considerably less than \$10,000. The maximum protection available under SDVI should be increased to at least \$50,000 to provide adequately for the needs of our survivors.
- Authorize VA to revise its premium schedule for SDVI to reflect current mortality tables. Premium rates are still based on mortality tables from 1941, thereby costing disabled veterans more for government life insurance than is available on the commercial market.
- Extend eligibility for Veterans Mortgage Life Insurance to service-connected veterans rated permanently and totally disabled.
- Support additional increases in grants for automobiles or other conveyances available to certain disabled veterans and provide for automatic annual adjustments based on increases in the cost of living.
- Provide additional increases in the specially adapted housing grant and automatic annual adjustments based on increases in the cost of living.
- Support legislation to remove the prohibition against concurrent receipt of military longevity retirement pay and VA disability compensation for all affected veterans.
- Support equal medical services and benefits for women veterans.
- Extend commissary and exchange privileges to service-connected disabled veterans.
- Extend space-available air travel aboard military aircraft to 100 percent service-connected disabled veterans.

- Support legislation to allow all veterans to recover amounts withheld as tax on disability severance pay. Currently, a 3-year statute of limitations bars many veterans from recovering the non-taxable money withheld by the Internal Revenue Service.
- Restore protections against unwarranted awards of veterans' benefits to third parties in divorce actions by prohibiting courts from directly ordering payment of such benefits to third parties, other than dependent children.
- Support the fullest possible accounting of our POW/MIAs from all wars and conflicts.
- Support an expansion of POW presumptions.
- Provide educational benefits for dependents of service-connected veterans rated 80 percent or more disabled.

In honor of the brave men and women—our heroes who have sacrificed so much and who have contributed greatly to protect and defend our cherished freedoms—who were disabled as a result of their military service, the DAV is providing major support to the Disabled Veterans' LIFE Memorial Foundation in its work to construct a memorial to disabled veterans in Washington, D.C. Congress has enacted legislation that authorizes construction of the memorial on select lands in the shadow of the U.S. Capitol. There are companion bills in both chambers—H.R. 1951 in the House and S. 633 in the Senate—to provide for the minting of coins by the Treasury to commemorate disabled veterans and to contribute the surcharges on the coins to the fund for construction of the American Veterans Disabled for Life Memorial. I want to especially urge the Members of this Committee to give their full support to this legislation. During the 108th Congress, the Senate passed S. 1379, the forerunner to S. 633.

Mr. Chairman, as you can see, our work for disabled veterans and their families continues to involve many issues and many challenges. Although we can be proud of the accomplishments made on behalf of disabled veterans in the past, much remains to be done. When it comes to justice for disabled veterans, we cannot be timid in our advocacy. This Committee and the DAV, working together with mutual cooperation, must battle for what is best for our nation's disabled veterans. Veterans have every right to expect their government to treat them fairly. We call upon you, the Members of this Committee, as our advocates in Congress, to educate your colleagues about the priorities of disabled veterans.

Our nation's history of meeting our obligations to veterans has fallen short not only of its highest ideals but also of its capabilities. We simply have not always kept veterans at the top of the list of national priorities. Our government can no longer excuse its failure to provide veterans the benefits and services they rightfully deserve by saying it cannot afford to fully honor its promises. We have the means to meet those obligations. Now our nation, a nation once again at war, must demonstrate it has the will to do so.

Mr. Chairman, previously, I talked about DAV's proud past. I will now discuss where the DAV is currently.

For 86 years, the DAV has been dedicated to one, single purpose: building better lives for disabled veterans and their families.

In fulfilling our mandate of service to America's service-connected disabled veterans and their families and in keeping faith with the principle on which this organization was founded, which is that this nation's first duty is to care for its wartime disabled veterans, their dependents and survivors, the DAV employs a corps of 260 National Service Officers (NSOs), located throughout the country, about half of whom are Gulf War veterans, and a number are veterans of Operations Iraqi Freedom and Enduring Freedom. Last year alone, these men and women, all wartime service-connected disabled veterans themselves, represented—free of charge—over 158,790 veterans and their families in their claims for VA benefits, obtaining for them more than \$2.7 billion in new and retroactive benefits. Our NSOs also participated in 199,302 Rating Board appearances.

Mr. Chairman, the DAV continues to strive to more effectively meet veterans' needs and ensure they receive the benefits our grateful nation has authorized for them. Several years ago, DAV undertook two additional initiatives to enhance and expand benefits counseling and claims representation services to the veterans' community. The first of the two programs involves outreach to members of the Armed Forces at the location and time of their separation from active duty. The second involves services to veterans in the communities where they live.

For benefits counseling and assistance to separating servicemembers in filing initial claims, the DAV has hired and specially trained 24 Transition Service Officers (TSOs), who provide these services at military separation centers, under the direct supervision of DAV NSO Supervisors. This enhancement in assistance to those seeking veterans' benefits will contribute to the DAV's goal of maintaining its pre-

eminent position as a provider of professional services to veterans. In 2005, our TSOs conducted 2,068 briefing presentations to groups of separating servicemembers, with 103,963 total participants. TSOs counseled 55,070 persons in individual interviews, reviewed the service medical records of 43,500 and filed benefit applications for 28,137, again, at no charge to the separating servicemembers.

The DAV's Mobile Service Office (MSO) program is a part of the same goal. By putting our NSOs on the road to rural America, inner cities, and disaster areas, the DAV assists veterans where they live, which increases accessibility to the benefits our nation provides for veterans. The DAV has 10 of these specially equipped mobile offices on tour to make stops in the communities across this country. During 2005, our Mobile Service Offices interviewed 13,347 persons filed 9,938 claims.

These specially equipped MSOs and disaster relief teams were deployed by DAV to the Gulf Coast regions hardest hit by Hurricanes Katrina and Rita. These mobile offices allow the DAV to provide much-needed assistance to displaced disabled veterans and their families. As many residents of the stricken areas were evacuated to other communities, the DAV NSOs nationwide assisted qualified veterans at the various evacuation sites and elsewhere. To date, in support of DAV's disaster relief efforts, nearly \$1.8 million in direct assistance was provided to disabled veterans and their families.

In addition to the dedicated services performed by DAV's NSOs and TSOs, equally vital are the activities of the more than 16,420 DAV and Auxiliary members who selflessly volunteer their valuable time to assist America's sick and disabled veterans. Last year alone, these men and women continued to serve this nation by providing over 2.4 million hours of critical services to hospitalized veterans, saving taxpayers nearly \$42.6 million in employee costs.

The DAV also employs 181 Hospital Service Coordinators at VA facilities across the country. The DAV's transportation program provides essential transportation to and from VA health care facilities to those veterans who could not otherwise access needed medical care. Last year, DAV's National Transportation Network logged in more than 22 million miles and transported more than 613,000 veterans to VA health care facilities. More than 9,000 volunteer drivers spent 1.3 million hours transporting veterans during 2005. Since our national transportation program began in 1987, more than 9.5 million veterans have been transported about 360 million miles.

In 2005, DAV presented the VA with 119 Ford vans. This year, we will be presenting VA with 127 vans. Since 1987, the DAV has donated 1,668 vans, at a cost of \$34 million. Our commitment to this program is as strong as ever. We have vans in every state and nearly every Congressional district serving our veterans—your constituents. DAV not only advocates on behalf of our nation's veterans, but we also continue to give back to our nation and our fellow veterans.

As you can see, the DAV devotes its resources to the most needed and meaningful services for our disabled veterans. These services aid veterans directly and support and augment VA programs. We are able to do so only with the continuing support of an American public that is grateful for all that our veterans have done.

I hope I have demonstrated that America's disabled veterans, rather than being satisfied to rest on their laurels, continue to stand ready to actively and unselfishly be involved in their communities and across the nation to assist our government in meeting the needs of other service-connected disabled veterans, their dependents and survivors.

Mr. Chairman, this completes my testimony. Thank you for allowing me the opportunity to appear before you on behalf of the Disabled American Veterans to share our proud record of service to veterans and our country and to discuss our agenda and our concerns for the second session of the 109th Congress. Thank you also for all that your Committee has done and for all that you will do for veterans in the future.

May God bless America. And, may God bless America's brave young men and women who have been placed in harm's way in our fight against terrorism.

Chairman CRAIG. Commander, thank you very much.

Sitting and listening to your testimony and especially those last comments expressed so very clearly, the dedication you and your organization have had and continue to have for its members and for other veterans, that is a tremendous record, and you are to be congratulated for it.

The vote that I had mentioned earlier has just started. I am going to recess the committee for a few moments, and Ken Salazar,

being younger than I, might get there sooner to vote, but as soon as we can get there and get back, we will be here. My guess is we will stand down for upwards of about 10 minutes.

Thank you. The committee will stand in recess.

[Recess taken from 2:35 p.m. to 2:50 p.m.]

Chairman CRAIG. Thank you all very much for your patience. The vote is still underway. Some of our colleagues will be joining us, but most importantly, we have been joined by Senator Akaka, the Ranking Democrat on this committee, and Senator Patty Murray of Washington. So we will turn to them first, Commander, for any opening comments they would wish to make, and as our other colleagues arrive, we will allow that, and then we will turn to you once again for questions of all of our colleagues.

With that, let me turn to the gentleman I enjoy working with on this committee. We have shared good times, and most importantly, I love holding field hearings in his State in February. He just could not understand, when he asked me last summer to go to Hawaii for field hearings, why I would want to do it, and I said, "Of course, I will come, but not in the summertime." So this past month, we had some excellent field hearings over there, and I enjoy working with Senator Akaka.

Senator Akaka, the floor is yours.

**OPENING STATEMENT OF HON. DANIEL K. AKAKA,
U.S. SENATOR FROM HAWAII**

Senator AKAKA. Thank you. Thank you very much, Mr. Chairman.

Now you know how gracious he is and how I enjoy working with him in a bipartisan manner. We all do this all for the sake of helping our veterans, and we will continue to do this together here on the committee. Again, I want to say I really enjoy working with Chairman Larry Craig.

It is a pleasure for me to be here today. When they mentioned this room, I said, "Well, I guess this room will be bigger than we need," but you see what has happened. We have people outside the door trying to get inside, but I am delighted to see all of you here today. That tells us how important these hearings are for our country.

I want to thank and welcome the national commander of the Disabled American Veterans, Mr. Paul Jackson and also all members of DAV who have made the journey to the Nation's Capital to express their concerns about veterans health care and benefits. This is truly democracy in action.

DAV has long been a leader in advocating on behalf of disabled veterans, and I see that your proud tradition is continued today.

I would like to acknowledge some of our Members here from the House who are seated here on this side. I am also glad to say hello to them. There is Congressman Michaud, also Congresswoman Hooley, Congressman Tom Udall, and Congressman John Salazar brother of Senator Ken Salazar. Good to have you folks here with us.

At this time, I would like to be the first person to say "aloha" to Brenda Reed. She is moving to Hawaii, and I am sure she will

soon fall in love with the rich culture and generous people of my home state and will continue to help veterans.

Also, if there are any other Members here today from Hawaii, I thank them for their presence here.

After reviewing your testimony, I share many of the concerns that you present to the committee today. During this time last year, many of us here in Congress were sounding the alarm that the VA budget was facing a crisis situation, as you will recall.

Many months later, the administration acknowledged this fact, and Congress took action to provide emergency funding. This year, I will remain dedicated to ensuring that VA has the resources it needs to care for all veterans.

Questions still remain as to whether or not the administration's proposed budget for the next year adequately takes returning service members into account.

I also am concerned about the VA research program being slated for a cut under this budget. I want you to know that I will continue to oppose efforts to reduce veterans compensation, as we saw with the ill-fated PTSD review. Now the Institute of Medicine is currently conducting a review of PTSD diagnosis and compensation. It is my hope that the Institute of Medicine suggests improvements to diagnosis, but not reductions to how we now compensate our veterans for their invisible wounds. In this time of conflict abroad, reduction in benefits would send a wrong message to veterans and service members who are transitioning from military to civilian life.

With regard to the VBA budget, I am concerned whether or not this budget provides an adequate level of staffing for compensation claims rating. Whatever the reason for the increase in compensation claims, VA must be ready to adjudicate claims in a timely and accurate manner.

I will continue to monitor VA's workload and rating output because our veterans deserve nothing less than their claims rated accurately and in a reasonable amount of time.

I am also proud to be a cosponsor of Senator Johnson's American Veterans Disabled for Life Memorial. DAV is the leading advocate for this legislation, and I applaud your efforts.

My last priority is near and dear to my heart. As a veteran of World War II, I owe a great deal of where I am today due to the GI bill educational benefits I used as a young man. With this in mind, I will continue to look for ways to enhance and modernize educational benefits to more adequately prepare veterans for the new challenges of our economy.

In closing, I would like once again to thank Commander Jackson and the membership of DAV. Your service and your dedication to this Nation and its veterans is unquestionable.

I look forward to your presentation and working with you in the future.

Thank you very much, Mr. Chairman.

Chairman CRAIG. Senator Akaka, thank you very much.

Now let me turn to Senator Patty Murray of the State of Washington, and, of course, Patty, in your absence, the commander spoke well of you and your diligence this past year as we worked

our way through this budget difficulty with the Veterans Administration.

Please proceed.

**OPENING STATEMENT OF HON. PATTY MURRAY, U.S. SENATOR
FROM THE STATE OF WASHINGTON**

Senator MURRAY. Thank you very much, Mr. Chairman, and thank you and Senator Akaka for holding this important hearing. I want to welcome our colleagues on this side from the House as well and thank you for your tremendous work in advocacy on behalf of veterans as well. We are pleased to have you join us.

Commander Jackson, thank you for coming today and your testimony, and really, this is a true unbelieving statement to see so many people here today behind you who are here to remind us that, when we send men and women to war, we have a responsibility to keep the promises we gave them and, when they return home, be there to support them, and I want to thank each and every one of you on behalf of a very grateful Nation for your service and to let you know this is one Senator that will not forget the sacrifices you made.

Commander, I want to thank you for your statement. I apologize for not being here before, but I heard reference to it as I was coming into the room, and I share your concerns about—first of all, we like the number, but this is a budget that doesn't fix the funding problems that we have, and it is really built around denying care instead of meeting real needs. For me, that is just something that I cannot support. So I am going to continue to do everything I can here to make sure we meet the needs of those who served us, without asking them more than they have already given.

I was back home this last week, like many of my colleagues, and held hearings around my State on the issues facing veterans. I was in Spokane, Seattle, and Shelton, and I actually even went to Fort Lewis and talked to current members who are serving about some of the responsibilities we have and what they were seeing out there.

I heard firsthand about veterans who are still struggling to get care. I heard about recently separated service members who couldn't get a job. They had been home from Iraq for 6 months and couldn't get a job. I heard about Iraq War veterans who were waiting months to get in to a doctor.

I heard about long delays in the process for getting disability veterans benefits, and I held a hearing in Seattle on the issue of M.S. and veterans who have returned home and there is a 7-year deadline on being able to get veterans disability benefits if you are diagnosed with M.S., Gulf War veterans who are returning, and M.S. is a very hard disease to diagnose. I know because my father, who was a World War II disabled veteran, had multiple sclerosis. I know the disease well, and there should not be an arbitrary deadline of 7 years because many of our Gulf War veterans are coming home, and it is 10 to 12 years later before they are diagnosed, and they shouldn't be denied service.

So I will continue to do that, but, Mr. Chairman, you need to know I was in Spokane, Washington, and held a hearing, and I hold hearings for veterans all the time. It was a jammed hearing,

and I was just impressed with how many people turned out. The No. 1 thing that they came to tell me was that they did not want to see proposed enrollment fees and copays because it would hurt low-income veterans and all veterans, and it is something that they really felt strongly about. So I came away from that very impressed.

They were not there to ask for a handout or a favor or to be seen as trying to take anything from their Government. They were there saying:

“I served my country. I went there on a promise that was made to me, and I am fighting not for myself, but for those who follow me, that their benefits are not taken away or they sign up and, depending on how well you do later in life, you get benefits. I am fighting for the veterans following me.”

I really came away impressed with that.

I think our veterans deserve better. I think they deserve fair treatment. Their policies should not be limited by copays and fees that are arbitrary. I think that when veterans signed up to serve us, they were promised care equal to their sacrifice, no asterisks, no pauses, and we should follow through on that.

Finally, Mr. Chairman, I think we need a real budget based on real numbers and reality, and I fear that we are going down the same road if we don't do that today.

So, Commander, thank you for your testimony. Thank you to everyone for being here. We have a lot of work ahead of us, but you all shouldn't have to come to a meeting like this to remind us of the promises we made. We should do it on our own, and I will continue to fight for that.

Thank you very much.

Chairman CRAIG. Patty, thank you very much.

Now we will move to questions by those of us who are here.

Commander and to your panel and team assembled, let me ask a couple of questions that I think put into context part of the struggle we are dealing with.

Last year, I worked with my colleagues, as you mentioned, and the administration to plug a gap in the funding of the VA's budget. A total of \$2.7 billion in supplemental funding was provided to make up for not only an unexpected surge in demand, but also the inaccurate way in which VA, in my opinion, had projected their budget. It was an error, it was found, and we corrected it, and we did so in a joint and bipartisan effort. I mentioned, as did you, that Senator Kay Bailey Hutchison who chairs the Subcommittee of Appropriations that I serve on for MILCON and veterans helped lead that fight along with Senator Feinstein. Senator Murray was involved, certainly Senator Akaka, and myself. We accomplished that.

We also said at that time to our Secretary and to VA that no longer would we tolerate guesstimates or unrealistic projections; that they were to go to work and bring us a process that delivered numbers that we and they—while we might differ on approaches, but at least the numbers would be accurate, and they were to report on a quarterly basis.

We have had that first report, and they will now report on a quarterly basis to Congress as to the spend-downs in the programs

and to see whether they are accurate and reasonable projections, and I think that is a major step forward.

With that accomplishment, this year the President, the administration, has proposed an 11.3-percent increase in VA medical care. In a medical care dynamic which is relatively flat, that seems like a tremendous increase, and yet we know that it is probably necessary, and we will certainly work to get it.

If that request is enacted, VA medical care funding will grow by about 69 percent over 2001. Now, in reality and the reason I am saying that is for all of you to understand how we have to deal with this in placing it in context not alone, not separate from all other budgets, but in context with our national Federal budget.

At the present rate of growth, 11.3 percent, if we were to sustain that, that means that VA health care in the broad sense will double every 6 years. This is a phenomenal challenge. Please understand that, and everyone who is here who speaks about programs and importance and quality and access speaks about money in reality and how we deal with making sure that there is access and that it is all well funded.

I have not at this moment, out of hand, said no to the President's concept of fees. Here is why I have not. Because I am struggling with how to replace them if the Congress says no, and I would not be surprised if the Congress says no. To replace them will cost the budget, if we sustain this level of spending, not higher levels that some are advocating including your organization, we will have to find about \$800 million, close to a billion dollars, give or take. That is if we deny some other level of resource and revenue coming in, and that is why I said wait a moment.

Last year, I would not in any way accept the proposal. I ruled it out, out of hand, and yet this year, in the context of where we want to take the quality of our health care and the access to the system—and all of us want that—there remains a reality check that I have got to force myself through and that the Appropriations Committee, based on their allocation as it relates to resource, is going to have to put itself through.

So, having said that, this is not to put you on the spot. This is to put us into a reality check of where we go from here because, if you don't accept a \$21-a-month fee for 7's and 8's to gain access to the system and you don't accept going to \$15 for a 30-day prescription drug fill, my guess is some on our committee and some in the appropriating committee will want to look for alternative revenue sources, other than just borrowing.

According to a 10-year-old testimony that I have been looking at, that was introduced in the record at our budget hearing earlier this month, your organization, the DAV, did not previously oppose asking for some higher-income veterans to contribute to the cost of receiving care from VA.

Can you give us an idea of what circumstances led your organization to change its views on the issue, which it is obvious by your testimony you have, and have you thought about alternative revenue sources for maybe this category of veteran who might have other kinds of insurance, other kinds of health care access, but because of the quality of health care in the veterans system today is choosing to come to the VA?

Mr. JACKSON. Mr. Chairman, before someone answers that, we use the term "for the good of the order."

Would you allow me to introduce some young men that have come in, please?

Chairman CRAIG. Absolutely. Please do.

Mr. JACKSON. These are some brave Americans that are seated behind us here who have been wounded and disabled in the war on terrorism, and if you would, please, allow me to introduce them.

Army Sergeant Tyler Hall of Alaska.

Chairman CRAIG. Welcome.

Mr. JACKSON. Army Sergeant First Class Chris Baine of Pennsylvania.

Army Sergeant Wasem Khan, originally from Pakistan, now a U.S. citizen.

Chairman CRAIG. Gentlemen, thank you for your service. Welcome to the committee.

Mr. GORMAN. Mr. Chairman.

Chairman CRAIG. David.

Mr. GORMAN. If I may try to respond to your question. If it were 10 years ago that we gave testimony, it might well have been myself that delivered the testimony.

Chairman CRAIG. David, it was.

Mr. GORMAN. It was?

Chairman CRAIG. I won't quote your testimony at that time, but it was you. Yes.

Mr. GORMAN. I wasn't sure, but I knew you were.

Back then, I believe we said something for the record that went that service-connected veterans, service-connected disabled veterans, medically indigent veterans or poor veterans should be allowed to get the spectrum of VA health care that they need and that they should be eligible for.

Others who come into the system should come in with either copayments, deductibles, or third-party private insurance reimbursements.

I think the key to your question is the "or." We have the copayments. We have the private insurance from third parties. So that has already taken place. We agreed back at that point in time that one of those or, as we have it now in law, a combination of at least two of those have come into play.

We still don't think it's—let me back up a minute. The whole concept back then when these copayments were made into law, they were temporary, and they were temporary for the purpose of deficit reduction.

I can well remember meetings where I sat in personally that those discussions held true. They were to be on a temporary basis and end when the budget was no longer in deficit. We have come out of that. We came out of that situation under another administration, and those copayments and insurances continued, much to our dismay.

It has been all along, we didn't like the idea. We went with it because we thought out of necessity at the time. At that point in time, we came out in opposition to the deductibles. We don't think they are needed.

I think the VA—and I am not sure of the numbers, but it is hundreds of thousands of veterans who were in the system now getting care and VA billing their private insurance companies, collecting \$2 billion, I think, in third-party insurers. VA estimates hundreds of thousands of those veterans would be knocked out of the system or would opt out of the system if deductibles were to be required.

So you are taking, on the one hand, veterans who were in the Category 7's and 8's, requiring deductibles to be paid, while they are getting third-party reimbursement from them. Those veterans would go away from the system, which means a good portion of the third-party reimbursements that the VA collects would likewise out of necessity go away.

So, in likelihood, you could be costing the VA scarce dollars by imposing deductibles.

Chairman CRAIG. Well, certainly, I have heard that argument, and I am not denying that there may well be some fact to it.

If you were to shift that kind of payment, you would obviously shift the pattern of use. People respond to dollars and cents.

Mr. GORMAN. And the one further point I would make, Mr. Chairman, is all along we have maintained that any additional revenue stream that comes into the VA should be supplemental to appropriations and should not supplant the Federal Government's obligation to adequately appropriate dollars for veterans health care.

Chairman CRAIG. Thank you.

Senator Akaka, questions?

Senator AKAKA. Thank you very much, Mr. Chairman.

You are in constant contact with veterans throughout the country. Are you concerned with the message that veterans with PTSD may be getting as a result of the now-defunct PTSD review, the Disability Benefits Commission's evaluation and assessment of benefits provided under current law and the Institute of Medicine study on treatment, diagnosis, and compensation to veterans with PTSD?

What is your membership telling you about this?

Mr. VIOLANTE. Senator Akaka, we are hearing from our membership. They are concerned. We think that it was ill-advised early on when the VA came out with that original review. It put a lot of veterans who didn't have to be at risk, at risk, thinking about it.

We are also somewhat concerned, although we heard from the Deputy Secretary on Sunday, that the IOM review was put in place to assist VA to determine whether or not they are providing the proper care to veterans who are suffering from post-traumatic stress disorder.

We hope that IOM will look at it from that aspect. I know a lot of veterans out there are concerned about that study, and unfortunately, there are a lot of veterans now who are returning from our war on terror who have been identified as suffering from post-traumatic stress disorder.

So we just hope that this IOM study and the VA moves forward in ensuring that these veterans not only receive proper level of benefits for their disabilities, but also the proper care.

Senator AKAKA. The President is clear on who should be eligible for VA health care, those with service-connected health needs.

Do you think the system as we know it today can survive if eligibility is severely narrowed? Can we continue to train nearly half of all physicians in the United States, maintain specialty programs unparalleled in the community, and teach the rest of the health care system about quality management if eligibility is limited only to service-connected health needs?

Mr. GORMAN. We don't believe so, Senator Akaka.

You need, as the commander pointed out in both his written and oral remarks today, old and young, healthy and unhealthy veterans in this system. You need a critical mass of patients for the VA to be able to take care of, to recruit the professionals, to be trained, competent quality health care providers. I think pretty soon if you only concentrated on the service-connected disabled veteran in the VA health care system, you would have a system that would simply shrivel up on the vine, and then it would be one that could be easily contracted out to the private sector that I don't believe is good for the disabled veteran, the VA, or, in that case, for that matter, the American taxpayer, which it has been clearly shown by data the VA is clearly the cheaper provider of care than anybody else out there and the more quality provider of care than anybody else out there.

Senator AKAKA. On National Guard and Reserve participation and the MGIB program, as some of you may know, VA assisted me in attending college, as I mentioned, and after I left military service. I am thankful for my education and opportunities in life that have been afforded me because of that education.

I am concerned that some in military service may not receive benefits that mirror their service commitment. Can you make recommendations to the Reserve and Guard components of the MGIB program?

Mr. VIOLANTE. Senator, the GI bill is not really a DAV issue, although we are involved in it to the extent we are a member of the Independent Budget, and we certainly do support, with the added emphasis on the use of the National Guard and the Reserve in our current war on terror, their ability to receive the same benefits as our active-duty military, but to be more specific than that, again, it is not an issue that DAV plays a major role in.

Senator AKAKA. Thank you very much, Mr. Chairman. My time has expired.

Chairman CRAIG. Senator Akaka, thank you very much.

Senator Murray.

Senator MURRAY. Thank you very much, Mr. Chairman.

You know, there are two ways to put a veterans' health care budget together. One is to determine how much money you want to spend on it, and then write the rules, so everybody fits within that spending package. The other is to determine how many veterans need access to health care and put the money in to cover that.

I kind of go with the latter one, but I am concerned because, as we all remember the fiasco we went through on funding last year, we know why there were increased costs and why we were short. We were not accounting for the increased rate of health care costs, as the chairman referred to a few minutes ago, that we have to take into account. We have an increased number of Iraq and

Afghani soldiers returning who are accessing our VA health care system. We have a number of veterans who served in Korea and Vietnam and even World War II who didn't access VA health care until they reached an older age or their employer said "I'm no longer providing health care" and then they went into the VA system. So we know that we have increased numbers of veterans who are accessing VA health care. It is an excellent system, and they deserve the care, and we should have it there for them. So we have to budget for it.

One of the things that I think we are not taking into account today, Commander—and I would like to ask you about this—is that as the new Medicare Part D prescription drug plan goes into effect, I am hearing from many seniors who are calling up Medicare to ask about signing up for the new prescription drug plan and are asking if they are a veteran, and if they are, they are told don't sign up for this, go into the VA health care system.

I am worrying we are not budgeting for that, for those now coming into the VA health care system as a direct result of another agency telling them to go that way in services they need.

Are you hearing, Commander, of any stories that you are aware of, of more and more veterans accessing VA health care today who are being driven there by the new prescription drug plan itself?

Mr. GORMAN. I am not sure, Senator Murray, we are hearing an awful lot of that, but even before Medicare Part D came into effect, veterans were coming to the VA simply for their medications, and as a result, the VA was treating them as a whole patient, enrolling them in the system, and giving them their VA health care.

There is no question that it is advantageous to many to get their medications through the VA, but they also are seeing the benefits of getting their health care through VA at the same time. So it is sort of a dual-edged sword that is costing the VA because these veterans are entitled to care. It is costing both for the provision-of-care aspect as well as the prescription aspect, too.

Senator MURRAY. How do you think that the VA should change its budget model, so it can better track the needs of our veterans?

Mr. GORMAN. Well, we believe—we are a proponent of some—the system today, we believe is broken. We have been a proponent and a strong advocate of guaranteed or mandatory funding.

We think that is the way to go, and I think that fits the latter category of what you are talking about, but I simply believe—and I welcomed the Chairman's remarks about working together, sitting down, and trying to come to some kind of an agreement on what the VA should be and who it should be for. I think that is essential if we are going to tackle this problem.

I think clearly the mistakes of last year are going to be repeating themselves. Whether it be this year to that magnitude, I don't know yet, but it is not going to be fixed adequately to take care of the number of veterans that need to come into the system.

And we are worried about the generation, like these three young men behind us, who in all probability, 60 years from now, are going to continue to need the benefits of the VA health care system. They are going to need their treatment. We worry that it may not be there for them, and that would be a national travesty, let alone a travesty for those individual veterans.

So there is a model out there somewhere that is going to fit. It is going to be better than what we have now. It may not be a full model of what we all would like to see, but it has to be better than what we have today, and we very much welcome the opportunity to sit down with, out of necessity again, not only this committee, but your counterpart in the House and the Administration to come to some kind of a rationalization of how we are going to do this and how we are going to tackle it.

Senator MURRAY. Well, it is really important we do that, so that we can set that as a priority when we do our budget. The Budget Committee is going to be making up the budget next week, and if we set a parameter that is too low, it will impact our ability later in the year to be able to fund VA at what we need to do.

So I think we need a much better budget model, so we can accurately portray what we need, and we would be happy to work with you on any suggestions that you might have.

Let me ask another question, if I still have time, Mr. Chairman. Last fall, this committee had a hearing on trying to get more VA individual unemployment recipients back to work. Would you share with us your thoughts on trying to push more of our disabled veterans off of IU and into the workforce?

Mr. VIOLANTE. I am not sure it is a good idea to force them off. Certainly, I think we believe that if an individual is able to work and gets the proper vocational rehabilitation training and can move into the workforce, that that is great. To just identify scaling down on individual unemployability and trying to force veterans out into the workforce by reducing their rating is another story that we wouldn't support, but I think that any time that you can get individuals back into the workforce and making their own living, it benefits not only the individual, but the society. But it just depends on how it is done.

Senator Murray, if I could go back to your first question, we are seeing that there are several States, including the State of Washington and Missouri, that have now undertaken identifying veterans on State rolls. As you all know, State dollars for Medicare and Medicaid are being tightened up, and they are looking at ways to get individuals off of their rolls and are identifying veterans and encouraging them and introducing them to the VA health care system. So that is another thing that we need to be——

Senator MURRAY. That will impact our budget. You are absolutely right.

Mr. VIOLANTE. Definitely.

Senator MURRAY. Thank you for your comments.

I know my father, as I told you, who had multiple sclerosis would have loved to work, but his disease prevented him from doing that and making him feel even worse because he was collecting—any kind of disability, because he wasn't working, I think is sort of the wrong message to be sending to people.

One other quick question. As I was doing the M.S. hearing that I had last week, I heard about the difficulty that many people—well, veterans were not getting the information they needed about what they qualified for in terms of disability or any other benefits. What is your impression of the VA in doing outreach today to try and find men and women who served to make sure they are getting

their benefits, whether it is Agent Orange or Gulf War syndrome or other impacts?

Mr. GORMAN. From what we know and what we understand about VA and what we have seen, they are not doing enough.

I think when you do outreach out of necessity, it creates work, an additional workload, an additional volume of veterans coming into the system for whatever benefit, and I simply don't think they are prepared to do that, from either the health care system or the compensation delivery system. So I think they are holding back on some outreach that could be very, very valuable to veterans across the country.

Senator MURRAY. I appreciate that very much.

Thank you, Mr. Chairman.

Chairman CRAIG. Patty, thank you very much for those questions.

A couple of more questions, David. I want to go back to your earlier statement because I am not in disagreement with what you said on what you said back in 1996, I believe, but if I understand your answer to the previous question, suggesting that lower-priority veterans pay their own way through a combination of copays, deductibles, and billable insurance, and since that time, Congress has come through on copays and billable insurance—we agree on that. But copayments were already a part of the law in 1996. Isn't that correct?

Mr. GORMAN. I believe so.

Chairman CRAIG. So wasn't your statement an amplification of what was already existing law?

Mr. GORMAN. I think at the time, although there may have been a provision of law, they were still in effect temporary, and that was the understanding we entered into with the Congress, that they would be and remain temporary until a certain point in time.

Chairman CRAIG. Until such time.

Mr. GORMAN. But I don't think—without looking at the context of my full testimony at that time, which I—

Chairman CRAIG. That is fair.

Mr. Gorman [continuing]. Am at some disadvantage, I don't believe we said that all three of those should be a part of law and should be imposed upon veterans. I think it was a combination or the "or" as far as—private insurance, I think was the key.

Chairman CRAIG. In your testimony, Commander, you used the word "guaranteed funding," and in response I think either to Senator Akaka or Senator Murray, the word "mandatory" and/or "guaranteed" was used.

I would like to pursue that just a little bit because any of us who sit here in Congress today, although we are yet unwilling to do it, in a very short time have got to recognize that that light at the end of the tunnel coming at us is a very big fast freight train, and it is called Social Security and Medicare. There isn't an economist in this country who would argue against the statement I am about to make, that if you leave things exactly where they are today, that in a reasonably short time, possibly 2030, with our baby-boomers hitting the Social Security market and therefore eligibility for Medicare, that those two programs along with Medicaid will consume the entire Federal budget, including veterans, Interior, Agri-

culture, Defense gone unless we make significant hard political choices in whatever form they will be, and I can't even predict that yet because Congress is very resistant.

Those are tough decisions. They impact human lives. They impact constituents—and constituents, every 6 years here in the Senate, go to the polls to vote. We are really squirming right now on a way to figure it out. We don't want to face those hard tough issues in whatever form we face them, but they are there. We know they are there, and the sooner we fix them, the easier they will be on not only the recipient of the benefit, but the economy at large and those who pay into the budget for the purpose of keeping those programs going.

So, in view of these challenges we are facing, I am struggling, in all seriousness, with adding another major \$100-billion program to mandatory spending with the growth rates that are obvious within this. Using the word "mandatory" or "guaranteed," could you explain to me what you mean?

You have just heard Senator Murray talk about shifting how you budget. That kind of gets to the point of being mandatory because obviously you determine numbers and needs and fund accordingly. How do we deal with that in your own mind?

Mr. GORMAN. Well, first of all, it is a matter of priorities.

You say people's lives that were impacted. The young men and women who have put on the uniform, gone off to foreign shores to do our battles for us to preserve the life and the ideals we have, have put themselves in harm's way. Many, most, have come back unscathed, but those who have not, the individuals who we believe should be ratcheted up to a level that have nothing but the highest priority for Government services in this country, it is the Federal Government foreign policy decisions that create disabled veterans. They are not created by people's own whims or IBM or Ford Motor Company. They are created by the Federal Government's foreign policy.

So, having said that, I would agree with Senator Murray to the point that instead of drawing a circle and filling it with money and saying within this circle are the number of veterans we can treat, we must, out of necessity, especially now as we are at war, and it appears we are going to be at war for some period of time in the future, which means many thousands of more young men and women are going to put themselves in harm's way and many more are going to come back in need of VA services.

You need to take, in our view, the number of veterans who require VA medical care services and have an adequate budget to treat those veterans. It is a simplistic statement to make, I know and I realize that. To try to formulate it into a way that is workable is very, very difficult, and I think that is where we have been—I say "we"—the whole veterans community have been at sort of a loggerhead with each other for some time. How do we accomplish that?

There has not been, in my opinion, an honest debate on that issue, and I think that is what has been sorely lacking. Although we talk about it and we go across the other side of the Capitol and talk about it over there, the Administration is always on the out-

side of that discussion. There aren't those discussions going on with all interested parties.

When Secretary Principi was in office, one of the last things we talked to him about—and he agreed to—was to create what we called a Veterans Health Care Summit, trying to get the administration, VA officials, people who know the system, know how the system works, to sit down together at a table and throw everything out there and talk about it. That, out of necessity, would include you, your staff, the House Veterans' Affairs Committee staff, hopefully the appropriators.

It is going to take everybody to sit down and say this is an issue we have to face, it is a priority, how are we going to reasonably do it, and I believe somewhere in the middle of all of what we have today and the call for mandatory funding, somewhere in there, there is a solution to this problem that is going to save the VA health care system, and it is going to allow them to continue to treat the veterans it needs to treat.

Chairman CRAIG. Well, David, I disagree with nothing of what you said.

Now, I don't know whether this administration's—at this time—numbers are right. Time will tell. If they are accurate and justify the 11.3-percent increase, most of that is spent and directed at disabled and service-connected, and those numbers, even including the incoming, if you will, these young men and others serving in Iraq and Afghanistan, the number is relatively flat, not a dramatic increase.

So this is a substantial budget increase, but to address those that are almost—now I say almost—I don't want to put words in your mouth—almost outside your comment, 7's and 8's, not disabled, not by definition poor, not rich, but not poor, not service-connected, and yet many VSO's say all are entitled.

I agree with the broad statement, but I will tell you where I come down. I come down for the disabled and the service-connected and the truly needy, and I have a little trouble. And I will tell you this. You have probably heard me tell this story before, but maybe the audience hasn't. When a retired medical doctor living in a lovely home by a golf course who happens to be a veteran is very angry at me because he can't get access to the pharmaceutical program, tells me I am not doing my job, something is wrong with that picture. He can afford not to be there, but he is led to believe that he is entitled.

I do not believe this system will sustain itself under any scenario if we don't recognize some of those problems.

To say that the President is wrong in what he proposed is to argue that the President isn't attempting to challenge us into the debate and into the discussion you have just proposed, to recognize what is glaringly obvious, or more importantly, ultimately to get the Congress to finally back off because the revenue simply doesn't exist and for us to have to start moving around numbers as it relates to the truly needy, the disabled, and the service-connected.

That is what I am going to struggle with. Senator Murray is going to do the same. We come at it a little differently. Both of us have the same goal, and we are very proud of the system that we have an opportunity to impact in our service here in the Senate.

I say to all of you, these gentlemen sitting at your front table here serve you very well. We have candid and open dialogue, and we will continue to do that as we wrestle through this issue, and I have already explained to you the difficulties we will go through in the coming months to bring about a budget at this level or above or somewhere near in relation to how this budget has been put together or how we will put it together.

Let me tell you, Commander, I thank you sincerely today for your comments, for bringing your organization to the Senate. We are pleased and proud to have you here.

With that, Senator Murray, do you have any other questions you would like to ask?

Senator MURRAY. I just have a quick final comment. First of all, let me preface it by saying last year when the VA finally did come forward and say that they had a huge budget deficit problem, Senator Craig is to be commended for coming forward immediately and working with us to resolve that, and he was there every step of the way for the veterans, and we all owe him a debt of gratitude for that.

He is right in that we have a little different philosophy on veterans and veterans health care funding, and I just have to say that when someone signs up for service, there is no asterisk on the form saying if you have a swimming pool or you go to Mexico in the summer, you don't qualify. And I don't think any of us are ready to go out today to where we are trying to recruit men and women to go to Iraq or Afghanistan to fight the war on terror, that we are going to put an asterisk in there, and I think we have an obligation as a country to set our priorities within our budget to make sure we have the funding for the VA. If it comes up and costs more because that is what it costs, then we have an obligation to figure out how to do that within the budget, and I am going to keep advocating for that.

Thank you, Mr. Chairman.

Chairman CRAIG. Thank you very much.

Mr. GORMAN. Mr. Chairman, may I just have one more moment—

Chairman CRAIG. Please, David, go right ahead.

Mr. GORMAN [continuing]. Based on something you just said?

Whereas the service-connected and the medically indigent are, in fact, the most important people we want to try to take care of, one other scenario—and I am not proposing that this is the solution, but it might be something to think about—is that you have a mandatory or guaranteed funding stream for those two categories of veterans and you make a discretionary funding stream for others that are found eligible to come into the VA health care system.

Chairman CRAIG. Thank you.

Mr. GORMAN. Thank you, sir.

Chairman CRAIG. I mean that most sincerely. That is the kind of creative thinking we have all got to get to here.

A lot of people criticized our President this past year for proposing reform in Social Security. He started a very important national debate. We will have to pick it up someday in the future to resolve it, and as we will other issues. So I am not going to suggest to any of you I am going to create a national debate when it comes

to the veterans system, but I am going to make awfully darn sure that during my tenure, those who we feel are most eligible receive the quality of care that I believe is addressed to them.

Well, I understand other Senators may be en route. We have gone on and held you here long enough, and we will add their opening statements to the record. The committee record will remain open for a week. There may be some additional questions to be asked of you.

Senator Murray, thank you for attending, some of our House Members who attended, and most important to you, Commander, to you and all of those who are behind you and the 1.3 million, I believe you said, you represent. Thank you so much for your presence here today and your commitment to veterans.

The committee will stand adjourned.

[Whereupon, at 3:42 p.m., the committee was adjourned.]

A P P E N D I X

PREPARED STATEMENT OF HON. JOHN THUNE, U.S. SENATOR FROM SOUTH DAKOTA

Mr. Chairman, thank you for holding this hearing to give our veterans' service organizations an opportunity to present their legislative priorities before the Senate. I'd also like to welcome Paul Jackson, National Commander of the DAV.

As I have noted before, budgets are an indication of where we, as a government, place our priorities. Clearly, veterans funding is a very high priority in this budget request, as it is one of the few areas of the budget that has been proposed to receive generous increases in funding. In fact, the President's 2007 budget would represent a 75 percent increase since 2001 in funding for veterans programs.

I look forward to today's testimony, and thank you again, Mr. Chairman, for holding this important hearing.

PREPARED STATEMENT OF HON. SILVESTRE REYES, U.S. CONGRESSMAN FROM TEXAS

Mr. Chairman, as a life member of the Disabled American Veterans (DAV), I would like to thank you and Ranking Member Akaka for allowing Members of the House to participate in today's hearing and for allowing the DAV to present their legislative priorities. Their knowledge of the needs of their membership is vital to the budget process as we consider fiscal year 2007 funding for veterans programs.

As in previous years, the Administration's budget request includes legislative proposals that would impose enrollment and pharmaceutical co-pay fees on our nation's veterans. I find this absolutely unacceptable and assure you that I will work with the House Veterans' Affairs Committee to remove this language in a bipartisan fashion as we have done in the past.

I am also concerned that not enough progress has been made to increase the number of healthcare professionals working for the Department of Veterans Affairs (VA) so that we can substantially decrease the wait period for medical services. Unfortunately, these issues are not new and, as the VA witnessed last year, the number of Iraqi Freedom and Operation Enduring Freedom veterans is only increasing.

To this end, I recently joined my colleagues in the House Committee on Veterans' Affairs in submitting our "Minority, Additional, and Dissenting" views and estimates for the fiscal year 2007 Department of Veterans Affairs budget. Our recommendation would eliminate the President's legislative proposals for enrollment and pharmaceutical co-pay fees and lift the Administration's enrollment ban on new Priority 8 veterans. In addition, our estimates provide the needed funding for Post Traumatic Stress Disorder outpatient and inpatient programs while ensuring the Department of Veterans Affairs maintains an adequate number of health care professionals to meet the demand for services.

Again, I would like to thank the representatives of the DAV for taking the time to be here today. Their dedication to our nation's veterans is commendable and I look forward to working with my colleagues to provide the VA a budget that will meet all the needs of our nation's veterans.

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