



Department of Veterans Affairs Budget Request for Fiscal Year 2018

May 24, 2017

Statement of
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Veterans of Foreign Wars of the United States
On Behalf of the Co-Authors of the Independent Budget

For the Record

Committee on Veterans' Affairs
United States House of Representatives

With Respect to

“U.S. Department of Veterans Affairs Budget Request for Fiscal Year 2018”

WASHINGTON, D.C.

Chairman Roe, Ranking Member Walz and members of the Committee, on behalf of the men and women of the Veterans of Foreign Wars of the United States (VFW) and its Auxiliary, thank you for the opportunity to present the VFW's views on the Department of Veterans Affairs' (VA) Fiscal Year (FY) 2018 appropriations.

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

However, we are very concerned that the Administration's request to make the Veterans Choice Program a permanent mandatory program could lead to a gradual erosion of the VA health care system. What is more concerning is that the Administration has chosen to make

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permanent a flawed program by ending Individual Unemployability benefits for certain severely disabled veterans who are unable to work due to their service-connected disabilities and round down cost of living disability pay increases, a proposal which the VFW has opposed in the past and continues to strongly oppose.

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

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

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

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

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

remarks on VA's construction and National Cemetery Administration (NCA) appropriations.

Major Construction:

FY 2018 IB Recommendation -- \$1.50 billion

FY 2018 Administration Request -- \$512 million

FY 2017 Appropriations -- \$528 million

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

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

When VA asked its Veteran Integrated Service Networks (VISN) to evaluate what they need to improve its facilities to meet the increased outpatient demand, VA determined that "improving the condition of VA's facilities through major construction projects (96) accounted for the largest resource need.[1]" Yet the Administration's major construction request for VHA is 36 percent less than FY 2017 and 85 percent less than actual expenditures in FY 2016.

When asked why VA is taking a strategic pause on major construction for VHA when its capital infrastructure continues to age and demand continues to increase, VA informed the IBVSOs that it simply did not receive the request that it needed for major construction because of sequestration budget caps. Congress must not allow VA's inability to invest in its VHA's major construction to limit veterans' access to the health care they have earned and deserve by forcing veterans onto VA's community care programs and eliminating the choice to receive care at VA medical facilities.

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

The total cost of these five projects is \$1.2 billion.

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

Minor Construction:

FY 2018 IB Recommendation -- \$700 million

FY 2018 Administration Request -- \$343 million

FY 2017 Appropriations -- \$372 million

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

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

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

Leasing

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

National Cemetery Administration

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

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

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

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

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

With the above considerations in mind, The Independent Budget recommends \$291 million for FY 2018 for the Operations & Maintenance of the NCA. The IBVSOs believe that this should include a minimum of \$20 million for the National Shrine Initiative. The IBVSOs laud the Administration for providing NCA the first increase in this important initiative since FY 2013.

Information Required by Rule XI2(g)(4) of the House of Representatives

Pursuant to Rule XI2(g)(4) of the House of Representatives, the VFW has not received any federal grants in Fiscal Year 2017, nor has it received any federal grants in the two previous Fiscal Years.

The VFW has not received payments or contracts from any foreign governments in the current year or preceding two calendar years.

[1] Department of Veterans Affairs 2018 Budget and 2019 Advance Appropriations Requests, Volume IV: Construction, Long Range Capital Plan and Appendix. Long Range Capital Plan, page 8.3-8.