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THE LEGISLATIVE PRESENTATION OF THE VETERANS OF FOREIGN WARS OF THE UNITED STATES

HEARING

BEFORE THE

COMMITTEE ON VETERANS' AFFAIRS UNITED STATES SENATE

ONE HUNDRED NINTH CONGRESS

SECOND SESSION

MARCH 7, 2006

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THE LEGISLATIVE PRESENTATION OF THE VETERANS OF FOREIGN WARS OF THE UNITED STATES

TUESDAY, MARCH 7, 2006

U.S. SENATE,
COMMITTEE ON VETERANS' AFFAIRS,
Washington, DC.

The Committee met, pursuant to notice, at 10:00 a.m., in room SR–216, Russell Senate Office Building, Hon. Larry E. Craig (Chairman of the Committee) presiding.

Present: Senators Craig, Thune, Isakson, Akaka, Jeffords, Murray, and Salazar.

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

Chairman CRAIG. Good morning, ladies and gentlemen, and welcome to the Veterans' Affairs Committee of the United States Senate. It is a pleasure to welcome all of you here, and Commander Mueller, a very special welcome to you, sir. You and your predecessors have been advocating for America's veterans of foreign wars for over a century now. I am very pleased that so many of you have traveled the distances you traveled to be here today to carry on the tradition.

I would like to single out a few of your memberships from my home State of Idaho who have made that special trek. I am a weekend commuter and so there is a little sense in their body now of what I go through on a weekly basis. It is the nature of the job.

Let me ask my Idaho friends to stand, and I'd like to introduce Pat Teague, our Idaho Department Commander. There you are. Good to see you, sir. Gary Ellis, Senior Vice Commander; John Crotinger, Junior Vice Commander; Bob Finney, an Adjutant; and Daniel Johnson, Quartermaster. Thank you all so much for being here.

[Applause.]

Chairman CRAIG. I would also like to recognize the National President of the VFW Ladies Auxiliary, Sandy Germany. Sandy? There you are. Thank you for being here.

[Applause.]

Chairman CRAIG. This past year has been an extremely gratifying one for me. First, as Chairman of the Veterans' Affairs Committee, I sincerely believe that this Committee and its Members, while sometimes differing in approach, are all united in a common mission, ensuring that the nations veterans, particularly veterans

wounded in the line of duty, receive the highest quality of health care and benefits that they need.

By any measure, we have had a busy and a very productive first year, convening 23 hearings here in Washington, 9 field hearings, and 5 mark-ups. More importantly, committee-related activity has led to several, I think very important, accomplishments. I'm going to single out one accomplishment in particular that deserves special attention because all of you were instrumental in securing its enactment.

About a year ago I wandered into my office to meet with three veterans of Iraqi Freedom. One was missing a leg, another was missing two legs, and the third could no longer see. They asked that I push legislation to create a new insurance benefit for the traumatically injured such as themselves, although they did not want it for their personal benefit. Before that meeting was over, we had become good friends and they had convinced me that this would be critical legislation, as a whole, in the benefits structure that our country offers veterans from the moment they are wounded. I went on to visit and continued to visit with many of them rehabilitating at Walter Reed.

The good news is that that is law now and probably set some kind of speed record. From the moment of idea through to its completion and now to its implementation, Congress made it retroactive for all service time from both Afghanistan and Iraq. I am pleased and impressed at their selflessness, and I and Senator Akaka on board, immediately took this proposal to the floor. It became what is known as the Wounded Warrior Legislation. With your support, it was signed into law literally a few weeks later, and here is the result of something we all can be proud of.

Almost 1,500 traumatically injured servicemen from OIF and OEF are now being served. These are young men and women with amputations, severe burns, total blindness, total deafness, paralysis, and a host of other disabilities, all of them sustained in defense of America. Going forward, Wounded Warrior Insurance will meet the gap in the financial help that these heroes are facing during their convalescence. On behalf of all of them I want to salute all of you today for the support you offered this Committee and those wounded warriors as we worked to make that law.

Before I close, let me touch on what has consumed much of our attention of late, and of course that is the Fiscal Year 2007 VA Budget. I believe this record budget requested is extraordinary and shows that in this fiscally austere climate, the President has chosen to make veterans once again a top budget priority. That said, I am concerned that at present spending rates, VA budgets will double nearly every 6 years and will soon collide with the spending demands in all other areas of Government, and I can see how the mainstream media and others are now treating this proposed budget, it may be okay for 2007, but it is surely going to mean cuts in 2008. To prejudge any activity of the Congress is but a fool's game, I think you all know that, especially when it comes to this Congress' commitments to veterans. I want to, for just the next few moments, deal with a bit of a reality check, and that is something that we as veterans need to face along the way.

The Congress and this President have continued to plus-up budgets progressively over the last 6 years. This President's proposal, while the largest ever, has a new approach in it. Not new in the sense that it is a new idea, but new in the sense that calculated into the budget is some revenue enhancement, and you know what I am talking about. He is asking Priority 7 and 8 veterans with no service-related disabilities to contribute up to $21 a month to enroll in the VA Health Care System and to pay $15 for a 30-day supply of medicine. Although I personally find these proposals to be reasonable, I know your organization has voiced opposition. So I will reiterate my hope that the VFW and others will engage with this Committee in serious and candid discussions, if not about the President's proposal, then about other options. It is our collective responsibility to sustain this incredible VA Health Care System into the future. If we begin addressing these issues now, we can help ensure that future veterans will not be faced with even bigger challenges and more radical changes to meet these challenges. Personally, I do not want to pass this issue on to the next guy. It is not in my character. That is not the way I like to operate. I want to pass on to tomorrow's veterans what we have collectively created, a health care system that provides quality care that is accessible to those who need it and affordable to those who want it. I hope you will agree with my goals and are willing to work with me and my colleagues in this effort.

Before I introduce Commander Mueller to all of us and to the Committee today, let me turn to my colleague Senator Akaka, and I'm been joined by several of my colleagues for any opening comments they would like to make.

Danny.

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

Senator AKAKA. Thank you very much, Mr. Chairman. It is certainly a pleasure for me to be here with you and our Committee to hear the legislative presentation of the Veterans of Foreign Wars, and it is a pleasure, Mr. Chairman, to be working with you to help the veterans of our country.

I wanted to thank Commander James Mueller, his senior officials, as well as the veterans and their families who have made the journey to the nation's capital to express their concerns. This is truly democracy in action.

Your organization has a long and proud tradition of public service. Your many charitable works and advocacy on behalf of veterans is truly exemplary. This Committee relies heavily on your concerns and your agendas for the coming year.

At this time, I would like to recognize some members that traveled all the way from my home State of Hawaii to be here today. I'd like for you to stand, Richard Wong, Roy Machado, George Barlett, Vi Indie, Gerri Enos, Norbert Enos, John Chapman, Sam Araki, the Department Commander, George Harada, Ben Acohido and Mrs. Anita Acohido, and Nick Young. There you are. Thank you very much. Aloha. Aloha.

[Applause.]

Senator AKAKA. Thank you for being here today. You all do fine work and the people of Hawaii owe you a great deal of gratitude, and so do the veterans.

I would like to share some of my concerns and priorities. During this time last year, many of us here in Congress were sounding the alarm that the VA budget was facing a crisis situation. Many months later, the Administration acknowledged the fact and Congress took action to provide emergency funding. Chairman Craig kept his promise and was the driving force behind the emergency funding and, again, I applaud him for his efforts.

When we started working together last year, we pledged to work in a bipartisan manner and we have done so. There are times, however, when we agree to disagree. We both agree that veterans deserve to have the best health care services and benefits, though we sometimes disagree on sometimes how to pay for it. I want to be clear, however, that we have the same goal and that is to ensure that the VA is provided with the resources to provide quality care and services to our nation's veterans. I remain dedicated to ensuring that the VA has the resources it needs to care for all veterans.

We must learn a lesson from last year's budget crisis and do everything we can to ensure that veterans and their family members have access to the health care and benefits they have earned. The VA's budget has increased over the past 6 years as it should and has been mentioned by the Chairman. The cost of caring for our veterans is, in my opinion, a cost of war. If the Department of Defense's budget can grow exponentially and be funded yearly out of supplementals, it only makes sense that the VA's budget needs to grow exponentially as well. It is no secret that each service member that we so readily fund out of DOD will eventually be seeking services from the VA. It follows then that if the DOD's budget grows steadily, the VA's budget must grow steadily as well.

For me it is a matter of priorities. We must stand by our veterans and ensure that they receive the care and services that they have earned through their service to our country, and we must ensure that we care for all veterans. We cannot fund the VA system out of the pocket of middle-income veterans, as many of these men and women make as little as $26,902 a year. Higher co-payments and enrollment fees are not justified. To date, over a quarter of a million veterans have been excluded from VA health care. Over 700 veterans in Hawaii have knocked on the doors of VA care only to be denied. We must work to overturn this Administration's decision and open the VA system up to those who need it.

I also am concerned about the VA Research Program being slated for a cut under this budget. Since its inception, the VA Research Program has made landmark contributions to the welfare of not only veterans, but the entire nation, illustrating the unique importance of keeping it adequately funded. With thousands of military personnel engaged in conflict overseas, it is vital that Congress invest in research that could have a direct impact on their post-deployment quality of 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. The VA must be ready to adjudicate claims in a

timely and accurate manner. All veterans and their families deserve nothing less.

I will continue to oppose efforts to reduce veterans' compensation as we saw with the ill-fated PTSD review. Now the Institute of Medicine and the Veterans Disability Benefits Commission are reviewing veterans' disability compensation. It is my hope that these groups will recommend new ways for Congress to improve benefits, not call for cuts in current benefits.

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 Mueller and all the VFW members here today. Your service and 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.

[Applause.]

Chairman CRAIG. Senator Akaka, thank you very much for those opening comments. Now let me turn to Senator Johnny Isakson, State of Georgia.

Senator.

OPENING STATEMENT OF HON. JOHNNY ISAKSON, U.S. SENATOR FROM GEORGIA

Senator ISAKSON. Thank you, Mr. Chairman, and welcome Commander Mueller. We're glad to have you and all the veterans here today. I came to hear you and not to hear me, so I am not going to make a speech which is probably a benefit to everybody here.

However, I would like all the Georgia veterans that are here to please stand.

[Applause.]

Senator ISAKSON. Mr. Chairman, I would like to remark about two of those veterans who I know very well. One of them who had to leave earlier I found out, Joe T. Wood. I served with Joe T. Wood in the Georgia Legislature for some 15 years. He served his country in Korea, he served his country nobly, and he has been an advocate for the Veterans of Foreign Wars and veterans' issues since I have known him. I am delighted that he made the trip, although he had to go back early today.

Ted Daywalt at the back of the room is a resident of my home County in Georgia and is a champion for employment placement for veterans of the United States of America's armed services. He has placed thousands of veterans in meaningful employment in Georgia and works every day as an advocate for them. It is not a surprise to me to see him today as we talk about this important subject.

Lastly, Mr. Chairman, I thank you for taking the time to bring the veterans before us one at a time through the various service-related groups so that we can talk seriously and constructively about veterans' affairs and the budget not only for this year but in the years to come, and I thank you, Mr. Chairman.

Chairman CRAIG. Senator, thank you.

[Applause.]

Chairman CRAIG. My staff says by order of entry or attendance. Let me turn to Senator Ken Salazar of the State of Colorado.

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

Senator SALAZAR. Thank you very much, Chairman Craig and Ranking Member Akaka, and thank you to all of the members of the VFW who are here joining us this morning.

I would like to also welcome the members of the Colorado VFW delegation who are here today led by Dr. Rudy Aguerro who is the Colorado State Commander of the VFW, and if I could see the Colorado vets stand up.

[Applause.]

Senator SALAZAR. Thank you to all of you for the service to our country. I have just a few comments to make.

First and foremost, out of the VFW national membership, I know that in Colorado we have 135 posts and 21,000 members, and I'm very proud of all of the contributions that they continue to make to our State and the contributions that they make to veterans' issues in Colorado.

Secondly, I want to make just a few comments about the work of this Committee. First, one of the great hallmarks I think of this Committee has been the work that we have been able to do on a bipartisan basis. I think the leadership of Senator Patty Murray and Senator Akaka and Senator Craig last year resulted in the restoration of significant dollars to health care that otherwise would have been cut under the miscalculations that had been made by the Veterans Administration, and we need to applaud their efforts and the efforts of the Congress in restoring their efforts for that last fiscal year.

We, however, in looking at that significant issue that we had to deal with last year must also be cognizant of looking ahead and making sure that the budget process and the actuarial process that is used at the Veterans Administration is in fact working. Last year part of the explanation as to why we had such a reality of missing the mark on what the health care needs of veterans was had to do with a sense that they were using 2002 statistics to set the budgets for last year. We have asked, a number of us, GAO to take a look at how the VA sets its budget so that we do not make the same mistake in future years. We hope to have the report from the GAO out within several weeks so that we can share with Members of this Committee as well as with others.

Let me also say I share Senator Akaka's concerns with respect to the proposed cuts that are set forth in the budget. Commander Wallace, I know that you share some of those same concerns with respect to funding for Priority 7 and 8 veterans and the co-payment fees that are included, as well as the enrollment fees. I think we ought not to move forward in that direction at a time when we as Americans ought to be standing up and saying that we are going to honor our nation's commitment to our veterans. There will be, I'm sure, a healthy debate about that issue and I can tell you that

our presence here today is noted and your position on these issues is very much taken into account.

I also am concerned about the out-year budgets. When you look at the upcoming fiscal year, the President's budget does include in there significant increases for health care for the VA. When you get beyond the next fiscal year, I do not want the veterans of America to be falling off the cliff, and certainly some of the projections that look out at the out years indicate that while we might treat veterans well for 1 year, it does not tell us where we are going to go in the following fiscal years, and for Commander Mueller and others there are I think some significant concerns that we ought to be looking at over the long term. I think that's why the independent budget which the veterans' organizations have come up with is something that we all need to pay attention to.

The last point that I would make is that as a Member of this Committee and given the place that I come from in Colorado which is probably about as remote a place as anybody can think about down in the San Luis Valley, I am very concerned about what happens with veterans in rural communities. If you happen to live in the Denver metropolitan area in my State, you can get into the veteran's hospital maybe within 15 to 20 minutes. But if you happen to live in Craig, Colorado, or down in the San Luis Valley or other places, it can be an 8-hour journey back and forth simply to get some veteran's health care. One of the things that I want to make sure I am pushing with my Democratic and Republican colleagues on this Committee is additional attention to the particular need that veterans are facing in the rural parts of America.

Mr. Chairman, thank you for the opportunity to make these opening remarks.

Chairman CRAIG. Senator Salazar, thank you.

[Applause.]

Chairman CRAIG. Now from a neighboring State, the State of Washington, Senator Patty Murray.

Senator.

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

Senator MURRAY. Thank you very much, Mr. Chairman and Senator Akaka for holding this hearing, and I wanted to join my colleagues in welcoming Commander-in-Chief Mueller and all of our VFW members, and I want to thank them for their sacrifices and work on behalf of veterans all across this country.

I want to thank the veteran leaders who have traveled here from Washington State. If they could stand, John Beem, Doug Reed, Mike and Valerie Peterson, and John Rust are here with us today I believe in the room. Some of them might be out in the outer room.

Chairman CRAIG. There's an anteroom.

Senator MURRAY. I am delighted that they are here with us.

[Applause.]

Senator MURRAY. Not long ago, Doug Reed who is here today and I were at a Veterans' Round Table in Longview, Washington, a small, remote community in my State. We were meeting with veterans who had just come back from Iraq and Afghanistan, and Doug introduced me to a guardsman whose name was William who

had just gotten back a few months earlier from Iraq. He had lost his job, he could not get unemployment benefits, and he was lost somewhere between DOD and the VA health care system. His doctors could not figure out what was wrong with him, and he had to feed his family on food stamps. It was an appalling story. I asked Doug a few weeks ago how William is doing, and he is still struggling.

I know that William is not alone. Doug just like everybody in this room today could tell us a story about veterans who are falling through the cracks, whether they are struggling with employment, or mental-health issues, or drug and alcohol, or simply transitioning from Haifa Street to Main Street, there are many of our veterans who are struggling. As we begin this new budget year, I hope we can all join together to make sure that veterans like that Guard member in Longview that I met are getting the care and the benefits and the help that they need.

I also recently heard from Court Fraley. He is a VFW service rep in Seattle and he outlined concerns with veterans trying to get their benefits from the VA. He told me about veterans going in to get their compensation and pension exam from QTC doctors and that veterans say it is kind of hit or miss right now depending on the doctor they see. That is not right.

Court Fraley also shared that he is seeing increased rates of benefits that are being denied by the VA, only to have that decision reversed upon looking at the case a second time that wastes time of our staff and money. Mr. Chairman, I am concerned about the VA benefits backlog and I am concerned we do not have enough staff to take care of the needs that are out there, and I hope that Commander-in-Chief Mueller will talk about this today.

As I have said many times, we have some big problems, we have some serious delays in veterans receiving care and benefits and this budget does not fix the funding problem. It is built around denying care instead of meeting real needs. There is no question that the VA provides the best medical care in the country, but now the VA is being asked to do more and more with less and less. We owe it to everyone in this room today to make this right, to make the system work for them, just as we owe it to veterans of every generation.

[Applause.]

Senator MURRAY. Perhaps most of all, we owe it to our men and women in the armed forces today, many of whom are deployed even as we sit here. Time and again the Department of Defense shares that VA health care and benefits is one of their best recruiting tools and we need to keep it that way. I have heard the Chairman's concerns about the budget about why we should consider increased enrollment fees and co-pays and about budget decisions have been made and that we need to find some new solutions for veterans' health care. I believe that we need to make it clear that we owe our veterans more than a budget line we are willing to sacrifice for other choices. I am tired of hearing that the choice is within the budget tax cuts for the wealthy rather than veterans' health care and benefits, and I am tired of hearing that because we have a multitrillion-dollar deficit that now when we have Vietnam veterans aging, Iraq and Afghanistan veterans coming back home and

a health care crisis that is spiraling out of control, and that now we cannot find a way to take care of those who have served us. I think we can do a lot better than that.

[Applause.]

Senator MURRAY. I encourage all of you who are here today to not accept false choices. You are entitled to the thanks of a grateful nation and a commitment from this Government that was equal to your commitment. I look forward to hearing from you today, Commander. Thank you very much.

[Applause.]

Chairman CRAIG. Senator Murray, thank you very much. Before I introduce the Commander, you all are probably getting tired of us, but there needs to be a record reality so that we understand where we are.

During the years of the Clinton administration, the Federal Government collected $1.789 trillion worth of revenue. In 2005, the Government collected $2.154 trillion worth of revenue. That is a revenue increase during a time of tax cuts of 20 percent. That is one side of the story.

The other side of the story that is important to know is in that 5-year timeframe, Government programs have gone up 38 percent, but veterans' increases have been 46 percent, and every Member of this Committee has defended that and fought for it right along with all of you. That is something to be proud of, not to be critical of.

What I am suggesting today is that we look at this budget with a discerning eye, and future budgets with a discerning eye, but it is important that we set the record straight because those are the facts.

With that, let me do something that is the privilege of this Chairman, and that is to introduce you, Commander. We thank you so much, Jim, for your life of service and sacrifice. Commander Mueller served in the U.S. Army from 1966 to 1968 and is a veteran of the Vietnam War for which he earned the Veterans Service Medal, excuse me, the Vietnam Service Medal, the Vietnam Campaign Medal, and the National Defense Service Medal.

Jim began his service with the Veterans of Foreign Wars in 1970 when he joined Post 5077 in O'Fallon, Missouri. It did not take long for him to ascend the leadership positions of his Local, State and National levels in the VFW. The list of National Committees Commander Mueller has served on attest to the breadth of his knowledge on issues of importance to veterans and service members. Those committees include Voice of Democracy, Homeless Veterans, National Security and Foreign Affairs for the POW/MIA. Recognizing Jim Mueller's knowledge, leadership and dedication and service to the country, his peers elected him Commander-in-Chief of the Veterans of Foreign Wars in August 2005. Jim and his wife Patricia have been married for 40 years and have two children. They reside in O'Fallon, Missouri.

Let me tell you, Commander, it is very much an honor for this Committee to have you and your colleagues here today, and I would ask you to introduce those who are with you at the head table. Thank you very much, Jim. Welcome.

STATEMENT OF JAMES R. MUELLER, COMMANDER-IN-CHIEF, VETERANS OF FOREIGN WARS OF THE UNITED STATES, ACCOMPANIED BY WILLIAM BRADSHAW, DIRECTOR, NATIONAL VETERANS SERVICE; ROBERT E. WALLACE, EXECUTIVE DIRECTOR; DENNIS CULLINAN, DIRECTOR, NATIONAL LEGISLATIVE SERVICE; AND DEWEY M. RIEHN, CHAIRMAN, NATIONAL LEGISLATIVE SERVICE, VETERANS OF FOREIGN WARS OF THE UNITED STATES

Commander MUELLER. I would like to introduce our Executive Director, Mr. Bob Wallace; our Veterans Service Director, Mr. Bill Bradshaw; and Legislative Director Mr. Dennis Cullinan.

Chairman CRAIG. Thank you very much, Commander, and the floor is yours.

Commander MUELLER. Thank you, sir. Chairman Craig, Ranking Member Akaka, distinguished Members of this Committee, honored guests and friends, before I begin I would like to express my sincere and deep appreciation of the invitation to appear here today. We are delighted that you recognize the importance of this tradition and that you continue to recognize the importance of veterans' voices. No other Committee in this Congress has such a clear constituency, a constituency you see before you. We thank you and your hard-working staff for their efforts.

I would request that my full written statement be entered into the record.

Chairman CRAIG. Commander, your full statement and any accompanying material will become a part of the record. Thank you.

Commander MUELLER. Thank you, sir.

[The prepared statement of James R. Mueller follows:]

PREPARED STATEMENT OF JAMES R. MUELLER, COMMANDER-IN-CHIEF, VETERANS OF FOREIGN WARS OF THE UNITED STATES

Mr. Chairman and Members of the Committee: It is a great honor to be before you representing the 2.4 million men and women of the Veterans of Foreign Wars of the U.S. and our Auxiliaries. Founded in 1899, the VFW is this nation's largest organization of combat veterans. Our members come from across the country, and even the world.

We thank you for the opportunity to testify today. With war dominating the news on a daily basis, it is right that this country's focus is on those who serve this nation in uniform, both past and present. We have long said that what this nation provides to its veterans is part of the ongoing costs of war, and is the price of peace. These costs do not end when the last shot is fired. They extend long into the future, as we strive to make those who have worn a uniform in defense of this great nation whole, to compensate them for the sweat and the blood they have lost.

As you proceed throughout the year, an election year for some of you, I would ask that you keep these priorities in mind. In prior years, we have done what these brave men and women are doing in Iraq and Afghanistan. We understand the stresses and strains they must feel. We understand, too, the needs they will have as they return, transitioning back into productive society.

VA MEDICAL PROGRAMS

The Veterans Health Administration (VHA) is the nation's largest integrated hospital system with over 160 medical centers and over 860 outpatient clinics. In fiscal year (FY) 2005, VHA took care of more than 5.5 million veterans.

The administration's request for medical programs in fiscal year 2007 is a good first step. We were pleased to see that it appropriates a total of $35.7 billion in discretionary funding. This is a $2.7 billion increase over fiscal year 2006, an 8 percent increase. While we are grateful for the extra funding, we must keep in mind that we will have many thousands of returning servicemembers, an aging veterans' population, and the ever-eroding pace of medical inflation chipping away at this amount.

Given the difficulties that VA faced with respect to their budget modeling and projections for the future, we must be vigilant to ensure that proper funding is authorized and appropriated. You met the challenge last year when VA was on the verge of running out of funding. We are confident that you will be there in the future, but I certainly hope that it does not have to come to that in the coming fiscal years. We would urge this Committee and its counterpart in the House to use its oversight authority, and we applaud the steps you have taken thus far.

COPAYMENTS AND FEES

Once again, the administration's request balances the budget on the backs of veterans. Instead of authorizing a complete level of funding, it forces veterans to subsidize further their healthcare, and fails to acknowledge that veterans have already paid for it with their service to this country.

The request would increase the pharmaceutical co-payment from $8 to $15 for each 30-day supply. Category 7 and 8 veterans who pay these fees would have their medical bills nearly double, a completely unreasonable request. Pharmaceuticals are part of VA's standard benefits package, and this dramatic increase would, in effect, make them inaccessible to many veterans. Although you or I could probably afford the increase, those who scrimp for food and can barely pay their rent would have great difficulty paying these extra charges.

The same can be said for the administration's proposed enrollment fee. This proposal would charge veterans in categories 7 and 8 $250 each year. This is not a deductible, but a yearly fee. If a veteran goes just once a year, even for a preventive health exam, such as a physical, he would be charged. Like the co-payment, this would affect veterans making as little as $26,000.

Together, they would place an unhealthy financial burden on a large number of veterans. For example, a veteran who receives just three prescriptions would face $502 in extra fees each year. VA has admitted that one of the intents of these fees is to drive veterans from the system, even though many of them might not have other forms of health insurance. This is unacceptable.

We urge Congress to reject these fees, and to provide sufficient appropriations to cover for VA's projected collections for these proposals.

COLLECTIONS

We remain concerned that the President's request relies on an assumption of $2.8 billion in collections. These collections directly offset appropriated funding.

We feel that this amount is unreasonably high. Even if we take out the projected $544 million for the proposed co-payment and enrollment fee, that means that VA will need to take in nearly $2.3 billion. Numerous GAO reports have detailed the substantial problems with VA's billing process and the institutional problems, which prevent VA from recapturing these monies. While VA has made great strides, an over reliance on an unreachable goal could mean that VA will need to make do without proper funding once those goals aren't met. As it stands, VA would need to increase its collections by 11.4 percent over fiscal year 2006's projected total. If that large increase isn't met, care for veterans could suffer.

MEDICARE SUBVENTION

Although veterans pay into the Medicare system, they cannot use their Medicare benefits at VA. VA is not allowed to collect money from Medicare for services rendered. This, in effect, is a multi-billion dollar subsidy of Medicare. If even a portion of this money were allocated to the VA health care system, many of its funding problems would disappear. Studies have even shown that VA provides care at a per-patient rate below that of Medicare. We understand that there are institutional and bureaucratic difficulties with allowing Medicare subvention, but we would hope that they could be overcome.

ASSURED HEALTH CARE FUNDING

The President's request is the exception to the rule. The last several years have seen administration requests far below what is needed, and while Congress has seen fit to increase them each year, VA funding has failed to keep pace with medical inflation and increased demand, as evidenced by the need for repeated emergency supplementals.

Further, VA has made do with these inadequate budgets by rationing health care. The Secretary has prevented new category 8 veterans from enrolling in the health care system. Those that remain are forced to wait lengthy periods of time—in some cases, months—for needed services. Recent GAO reports have shown that past budg-

ets were built on faulty methodology, including the assumption of savings through management efficiencies, which were never adequately explained, leading us to believe that there weren't really any savings, just cuts.

Even when VA receives its budget, it never receives it on time. For the better part of a decade, VA's appropriation has been months late. How can VA properly plan for the future, let alone budget for the current year, when it is receiving its funding 6 months late? Even the best business minds in the country would be hard pressed to adequately manage and operate as large a system as VA with a late budget.

Temporary measures, such as the supplemental appropriations, are certainly welcomed, but they do not fix the underlying problem. The discretionary process is broken.

We must look to alternative means of funding VA health care. An assured funding system could make VA health care more dependable and stable, eliminating year-to-year uncertainty and allow for proper planning, best business practices, and assurances that VA will be able to adequately care for this nation's veterans.

SEAMLESS TRANSITION

When our servicemen and women return from their battles around the globe, DOD, VA, and DOL should be adequately prepared to help these men and women transition to veteran status. Unnecessary delays force veterans to wait months for benefits and health care that they have earned by virtue of their service.

To help smooth this process, VA and DOD must develop electronic medical records that are compatible with each other. As it is, the two departments are unable to synch up in any meaningful way, which delays how quickly VA is able to receive vital health care and deployment histories from DOD's records. Were VA to have this information, it could provide timely and accurate decisions on claims, as well as enhancing delivery and access to health care, while minimizing the time veterans must wait.

We also believe that there should be an increased emphasis on separation physicals for active duty and the reserves. These physical exams conducted jointly with DOD and VA could highlight any potential health problems, but also serve as a future baseline for any symptoms or ailments that may pop up in later years. Additionally, the increased information would allow them to better handle new illnesses and have better data for conditions such as Gulf War syndrome and other undiagnosed illnesses.

VFW seeks to enhance DOD's pre-separation counseling process and VA's and DOL's Transition Assistance Programs. We suggest that the programs ensure that counseling services are available during regular working hours and allow the inclusion of National Accredited Service Organizations to assist veterans preparing their claims for benefits prior to their discharge. We further seek that additional information be added to the scope and content of the programs pertaining to access to VA health care and benefits, and federal and private sector employment.

These have been problems for several years. Despite progress, they still remain. We need strong, effective leadership to fix these problems. We have heard excuses. It is time for results.

MENTAL HEALTH SERVICES

VA has a difficult balancing act with respect to mental health services for veterans. They must maintain and even improve services for current veterans, while adjusting to cope with the changing nature of conflict current servicemembers face and the new needs they have.

Conflict for today's servicemembers is different than it was for those in past wars. Urban combat, suicide bombers, and roadside bombs create a situation with constant stress and constant tension. For those in the combat zone, there is frequently little relief.

VA already is treating over 10,000 veterans of the current war for post-traumatic stress disorder (PTSD). As the number of returning veterans climbs, and as veterans come to terms with the depression and anxiety they may feel, many more will turn to VA and the excellent services it provides. We must be ready for them.

We believe that VA must continue on its path to a system, which treats conditions, rather than just managing symptoms. This is the only way that veterans can be made whole, and will help them to become productive members of society. To that end, we believe that VA must continue to support its full continuum of care, which would include intensive case management, rehabilitation, integrated treatment, work therapy, and other support services to allow for a veteran's complete recovery.

To accomplish this, we must be mindful of the impact of the CARES process. As it stands, mental health services were not a part of the original CARES model. VA's plans must adapt as needs change.

We take great interest in VA's planned PTSD study with the Institute of Medicine. This study will impact both the treatment of PTSD in returning servicemembers and their eligibility for compensation to support themselves and their families. VA must meet the needs of these returning heroes.

We hope that outreach programs will ensure that those returning service-members, as well as their families receive the treatment options they need to cope with a sometimes-difficult transition. To that end, we support pre- and post-deployment mental health screening process to serve as a baseline. The more information we have, the better will we be able to treat these conditions.

CARES PROCESS

Over the last few years, VA's construction budget has been overshadowed by the Capital Assets Realignment for Enhanced Services (CARES) process. CARES, which aims to reorganize the VA health care system to properly plan for the future, and, in turn, realize improved health care service for veterans, has been a long and difficult process.

We will continue to support CARES as long as VA returns to its primary emphasis and intent: the "Enhanced Services" portion of CARES. We accept that locations and missions of some VA facilities may need to change to improve veterans' access, to allow more resources to be devoted to medical care rather than to the maintenance of old buildings, and to accommodate more modern methods of health care delivery.

Over the last few years, the funding for major construction has ebbed. This moratorium was caused by the planning of the CARES process. There was much political resistance to funding any projects before the planning process took place. Now that it has occurred, it is time to move forward, and advance this important plan.

VA CONSTRUCTION

We call for a total investment of $1.447 billion for major construction, which includes funding for CARES. The President's request comes far below that, providing just $399 million for major construction

Of particular importance is the funding for seismic corrections. Currently, 890 of VA's 5,300 buildings have been deemed at "significant" seismic risk, and 73 VHA buildings are at "exceptionally high risk" of catastrophic collapse or major damage. Accordingly, this will increase VA's need for construction funding. This is a chance to be proactive and fix a problem before the health and safety of VA's patients and workers is further compromised.

We also call for funding for an architectural master plan. Without this plan, the benefits of CARES will be jeopardized by hasty and shortsighted construction planning. Currently, VA plans construction in a reactive manner—i.e., first funding the project then fitting it on the site. Furthermore, there is no planning process that addresses multiple projects; each project is planned individually. "Big picture" design is critical so that a succession of small projects don't "paint" the facility into the proverbial corner. As the cost of construction rises with inflation, the importance of optimal planning becomes paramount.

We believe that architectural master planning will also provide a mechanism to address the three critical programs that the CARES study omitted. Specifically, these are long-term care, severe mental illness, and domiciliary care. These programs must be factored into any long-term plans.

With the reticence over the last few years to provide construction funding, the amount appropriated for maintenance has lagged far behind what has been needed. Price-Waterhouse, following standard industry practices, has recommended that VA spend at least 2 to 4 percent of the value of its buildings for nonrecurring maintenance. These small projects, such as replacing a roof or improving the fire alarm system, are necessary for the safety of patients, but also to maintain the integrity of the building so that it is viable for its entire lifespan. Accordingly, VA should spend no less than $1.6 billion for nonrecurring maintenance in fiscal year 2007. Unfortunately, the Administration has only allocated $514 million, which will only make the already backlogged maintenance lists grow.

Further, because maintenance comes out of the medical care account, not the construction budget, much of the funding for the last few years has been used to provide medical care. Now, VA needs to cover deferred maintenance. In fact, according to VA's own assessment, which is conducted on three-year cycles, the investment necessary to bring all facilities currently rated "D" or "F" up to an acceptable level

is $4.9 billion. There should not be a choice between fixing a roof and buying medical supplies. It is Congress' job to allocate properly funding for both.

VETERANS BENEFITS ADMINISTRATION

VBA's primary mission is to deliver efficiently the compensation and benefits to which veterans, their survivors and dependents are entitled. These programs help make the veteran whole, allowing him or her to transition back into productive society. In the case of someone who is wounded in conflict, it helps provide income to overcome the loss of working productivity. In the case of a young man or woman fresh out of service, it helps them fulfill the American dream of home ownership. They are all worthy programs, and they recognize the disadvantages that service to this nation creates when our men and women in uniform interrupt their lives as civilians to defend our freedoms.

CLAIMS BACKLOG

As of 2/24/2006, VA is sitting on 828,653 compensation, pension, and education claims and appeals. This massive backlog of unprocessed claims means that the average claim takes over 6 months for a decision. This is unacceptable.

Nearly 600,000 of these claims are for disability compensation, which are intended to alleviate the economic hardships placed on veterans and their families. Delay in providing benefits forces these veterans to scramble to provide basic necessities for their families.

Despite the effort and intention of VA management, this backlog has grown. As the number of pending claims increases, the difficulties with managing the backlog and finding acceptable solutions to the problems are compounded.

VA claims that an increase in the complexities of these claims is the chief reason for the increase in the backlog. While we would agree that some claims have grown more complex, that explanation is just a symptom of the larger problem: a lack of resources.

Despite the increased complexity of these claims, VA has proposed a 149 FTE cut in compensation direct labor. How can VA be expected to make meaningful improvements in this backlog with a reduction in staff? The answer, we fear, is that they do not expect an improvement. VA predicts that backlogs and delays will continue to grow. We cannot accept this.

VA leaders have been quick to explain that there is an offsetting increase in FTE for processing pension claims, which results in a net gain of 14 FTE for both programs. Even if VA's leaders are correct and no barriers exist to assigning these new employees wherever they are needed, the fact remains that a miniscule 14 FTEs will have almost no meaningful impact on a backlog that is 66,000 cases higher than it was last year.

VBA's staffing requests must match the real-world demands placed on their system. The only way the department can make a meaningful dent in the number of claims is to devote adequate resources. The size of the backlog is proof positive that this has not been done.

ACCURACY

The accuracy of the claims process is a significant problem that must be overcome. VA's own quality measurement system showed that VA made a significant error in 15 percent of all cases. Not only must a veteran wait 6 months for a decision, he or she has a pretty good chance of receiving an incorrect decision, too. That is unacceptable.

As is the case with the claims backlog, this accuracy problem is a function of inadequate resources, but is also a result of management inaction. VBA has an aging workforce, many of whom are eligible or nearing eligibility for retirement. Claims adjudication is a difficult process, which improves greatly with experience. VBA is facing a crisis with inexperienced replacements for this aging workforce. This is a problem that will only grow worse in the coming decade.

Poor quality decisions create several problems. In some cases, it forces the veteran to file an appeal, which further aggravates the backlog. If VA had decided the case correctly the first time, many of these appeals could have been prevented. More important to us, however, is the number of veterans who may just give up out of frustration. Although our network of national service officers helps many veterans, we can only assist those that seek us out. For a veteran without a service officer, navigating the highly complex bureaucracy that the VA claims process has become is a nightmare. Many of them receive an incorrect rating, unbeknownst to them, and then give up. Is this how we should treat our nation's heroes?

VA must not only provide the right level of staffing, they must do more to train claims processors and develop measures to hold them accountable for their job performance.

GULF WAR ILLNESSES

As thousands of men and women return from the Middle East, we must pay careful attention to their health needs, especially in light of what we learned in the aftermath of the Gulf War. A recent VHA study noted that around 29 percent of the veterans of Iraq and Afghanistan who sought care at VA were suffering from "ill-defined conditions." There has rightly been much concern about the mental effects of the recent conflict, but this alarming statistic indicates that we cannot let this focus detract us from physical conditions, too. VA and DOD underestimated the effects of the first war. We must take what we know from the ailments these veterans suffer, and ensure that those who have unexplained illnesses are aware of and receive treatment and benefits they are eligible for through VA.

GI BILL EDUCATION BENEFITS

The Montgomery GI Bill (MGIB) has been one of this nation's most effective programs, allowing veterans to better themselves through education. Giving these men and women financial assistance helps them to better themselves, which allows them to assume their rightful place as the leaders of the private and public sector.

GI BILL FOR THE 21ST CENTURY

VFW's long-time goal has been a return to a WWII-like GI Bill. We envision a bill, which would pay for the full costs of attendance, to include tuition, books, fees, and living expenses, to any school at which a veteran is admitted. The Senate's own Education Committee did a study several years ago which noted that the original WWII GI Bill paid for itself many times over because of the additional tax revenue generated by the program. Further, many historians have noted that the GI Bill created the middle class as we know it.

TOTAL FORCE GI BILL

As a step on the path, we support the idea of the Total Force GI Bill, which would acknowledge the changing contributions that our men and women in uniform make to the defense of this country. Our goal, which is shared with the Partnership for Veterans Education, would consolidate the current GI Bill program, and would improve its effectiveness.

We envision a three-tiered approach. The first tier would be similar to the current active duty benefit. The second would be similar to the current Reserve, with the largest difference being that we would re-benchmark it with the historical rate of 47 percent of the active-duty benefit. The third tier would be similar to the current Chapter 1607 benefits, but would simplify them, and make them more commensurate with the contributions that our Guard and Reserve are making as part of the Total Force concept. After 90 days served on active status, we would give these men and women 1 month of education benefits at the active duty rate for each month they serve on active duty status.

To foster retention, we envision allowing Reservists to control this enhanced benefit for as long as they remain active members of the selected reserve. Otherwise, all the other tiers would retain 10 years of eligibility.

PAY REDUCTION FOR GI BILL ELIGIBILITY

The VFW strongly opposes the $1,200 buy-in that is required for GI Bill eligibility. No other form of federal student aid requires a recipient to pay into the program, and it is not fair that those who have given so much to this country be required to give up their pay for it.

Currently, a service member has only one chance to declare eligibility. Upon joining the military, he or she is given the option to sign up. If they do, they have $100 taken out of their paycheck for each of the first 12 months. $1,200 is a significant burden on someone just starting out in the military, where an E–1, who has just joined, only makes $1,178 a month.

Forcing a young man or woman to make that kind of decision at that point in their lives is not very productive either. Circumstances change, and people change. Perhaps the person that walks out of the military down the road isn't the same person who entered. The narrow rules for eligibility restrict these choices, and do not allow for veterans who, for example, mature and decide that an education is something that he or she will need to better themselves in the future. Just as we want

a GI Bill that adapts with the changing nature of combat and service, we need a GI Bill that adapts with changing lifestyles.

VA HOME LOAN PROGRAM

VA currently requires servicemen and women to pay fees to VA for the use of the home loan guarantee. These fees, which are a percentage of the total cost of the loan, can be an unnecessary burden. What is particularly distressing to us, however, is that recent years have seen fee increases used to subsidize other veterans' programs. Veterans, in effect, are forced to pay for other veterans benefits. This is not right. We would urge Congress to repeal these fee increases, and to ensure that no veteran subsidizes another.

CONCURRENT RECEIPT

We thank Congress for their efforts in starting the process of ending the prohibition on a military retiree from receiving their full VA disability compensation and their full DOD retirement pension. While the programs in place to eliminate the offset do positively affect many thousands of military retirees, there are many thousands who still are drastically affected by the law's required offset. No military retiree, no matter how small their disability, should be forced to subsidize payment of that disability out of their earned retirement paycheck. We would urge an immediate end to the prohibition for all disabled military retirees, which would include those who were declared medically retired because of their service-connected disabilities, as well as for those who are deemed disabled and "unemployable" by VA.

TRICARE FEES

We strongly oppose the administration's recent request to dramatically increase fees paid by retired service members. In some cases, TRICARE Prime premiums will double or triple, and in other cases, TRICARE standard users will face a quadrupling of the amount they pay for eligibility. While we can understand that health care costs are on the rise, there is no way that the increase in these fees could be considered reasonable.

Further, we are distressed at attempts by some in the Pentagon to paint these increases as necessary because military readiness and weapons systems need the funding. These budget-driven tradeoffs are misguided political stunts, which we will not tolerate. These health care programs are part of the on-going costs of war, an acknowledgement of our gratitude for those who served this country for many years. If the Defense Department feels that there is not enough money for bullets, then let them request more money for bullets. They cannot take it from the wallets of those who have already dedicated their lives to this country. Also, at a time when recruitment and retention are an increased priority and goals are not being met, what kind of message does this send to those currently serving or those who are considering service? Certainly, it is not a good message.

ACTIVE DUTY ISSUES

Pay Comparability

Over the last few years, Congress has made great strides to reduce the pay gap between what the military pay rates are and what is available in the private sector. In 1999, this gap was over 13 percent, and today it is just over 4 percent. We thank you for that. We must, however, remain vigilant and resist temptation to tie military pay to inflation, when what matters, in terms of recruitment and retention, are comparisons to the private sector.

Family Life

Today's military is different than the one from years ago. Many servicemen and women have families, and their needs are quite different. When combined with frequent deployments, we must maintain family readiness and support structures. These include childcare, spousal employment, education, and community structures.

One of the largest concerns is housing. We have supported Congress' efforts to eliminate the average out-of-pocket housing expense, but we must ensure that fair-priced, quality housing actually exists. As efforts to privatize housing ramp up, we would hope for oversight to ensure that the needs of those in uniform are adequately protected.

Guard and Reserve Issues

Since September 11, 2001, over 500,000 members of the Guard and Reserve have been mobilized, and many thousands are currently fighting in Iraq. They were intended to supplement our Active Duty forces, not supplant them. As their role

changes, we must be mindful of the particular needs that they and their families have.

We support recent efforts to expand TRICARE coverage to them, but feel that the fees charged are prohibitive for many in uniform. For those without access to other forms of health insurance, these high charges are particularly unfair.

With the changing nature of the reserve components, it is time that the retirement system adapts as well. Frequent call-ups can and do disrupt their careers, and can affect their own private-sector retirements because of lessened contributions to private retirement plans, fewer chances for promotions, or even time needed for civilian pension programs. We strongly support allowing members of the Guard and Reserve to begin drawing retirement pay at age 55.

SURVIVOR BENEFITS PLAN OFFSET

Current law prevents a surviving spouse of a military retiree who dies from a service-connected illness from receiving the full amount of their Dependency Indemnity Compensation (DIC) and the full amount of their Survivor Benefit Plan (SBP). SBP is reduced dollar for dollar with respect to DIC. This is patently unfair, as each program is paid for different reasons. In the case of SBP, it is a program purchased by military retirees to continue a portion of their military pension for their spouse should they die. For DIC, it is a special disability compensation program, which is paid to a survivor, should the veteran die from a service-connected condition. This inequity must be fixed.

NATIONAL CEMETERY ADMINISTRATION

The NCA is charged with meeting the burial needs of this nation's veterans and their dependents. They have a stated goal of having a national or state veteran's cemetery within 75 miles of 90 percent of all veterans. We have supported VA's cemetery expansion plans, and we would hope that Congress would be mindful of future funding needs of VA's plans. Additionally, we would urge increased funding for the National Shrine Commitment, which aims to restore older cemeteries and, by extension, honor those brave men and women interred therein.

BURIAL BENEFITS

Unfortunately, too little attention has been paid to the burial needs of our veterans. Funeral expenses, even for a small service, can run many thousands of dollars. Benefits today have not kept pace with these rising costs, and they only pay a fraction of what they did in 1973, when these payments were first made.

Accordingly, we recommend that the plot allowance be increased to $745, and extend its eligibility to all veterans. Despite a recent increase in the allowance for service-connected deaths, for which we are thankful, we would still like to see an increase to $4,100. The non-service connected benefit has not been adjusted since 1978, and we would like to see it increased to $1,270. All three-dollar amounts would be commensurate with what was provided in 1973. We would also support adjusting these amounts automatically with inflation to prevent these benefits from eroding in the future.

POW/MIA ISSUES

The VFW remains strongly supportive of the Joint POW/MIA Accounting Command (JPAC). Their goal, which is to provide the fullest possible accounting for all those still missing, is one of this nation's most sacred missions. None of our members will rest until we know the whereabouts of every one of our men and women who have served in uniform, even for those who have paid the ultimate price.

This is why we are distressed to inform you that due to budgetary concerns, JPAC has been forced to scale back a number of missions and recovery operations. This is unacceptable. Currently, JPAC receives its funding through the U.S. Pacific Command. With a war going on, their priorities are different than JPAC's. We propose that a separate line item in the budget be used so that those in charge of the military do not have to make a choice between accounting for those who are missing and defending this country. They should not be competing priorities.

HOMELESSNESS

VA estimates that there are over 200,000 homeless veterans in this country. If you add to that the number of veterans and their families who were made homeless by the Gulf Coast hurricanes, it is truly a national tragedy. We must do everything in our power to help these former warriors, and to offer them health care, education, training, and skills to become productive members of society. To accomplish this, we

need more outreach. VA, in partnership with many state and local organizations, has excellent programs. They just do not reach enough people. With increased effort, and focused attention, we can make a meaningful impact in these veterans' lives.

VOCATIONAL REHABILITATION

Advances in technology are creating a generation of wounded warriors who, in previous eras, would have died from their wounds. While we are thankful that they were spared, the influx in service-disabled veterans creates new challenges, especially when it comes to vocational rehabilitation and employment.

We applaud the efforts to focus this program on its end goal of employment for these veterans, but we need a program that looks to the future. We need to train these men and women, and help them receive the education and care they need to overcome and lessen the effects of disability, so that they will be employable for employment beyond the entry level. These skills and tools must look for the future and not just for the quick fix today.

A truly effective program will be focused on a goal of avoiding disability-related unemployability later in life, and that will allow the disabled veteran to build a career to provide for him or her as well as the veterans' family. We envision a comprehensive program that truly meets our disabled veterans' needs, and we welcome the opportunity to work with you to make this a program that truly works.

Mr. Chairman, I thank you again for the opportunity to testify, and I would be happy to answer any questions that you or the Committee may have.

Commander MUELLER. Today is a very special day for me both professionally and personally. Professionally, it is a true honor to be here before you today representing the 2.4 million men and women that make up this great organization, and our Ladies Auxiliary. Our members are from all over the country, and range from the oldest World War I veteran, to the youngest service member fighting in Iraq and Afghanistan. Today we share a bond as combat veterans. The honor I feel right now representing their combined voices is tremendous.

Personally, this is a very meaningful day for me as well. When I took my office last August, I challenged all of our members to dedicate this year to a veteran who is no longer with us. I dedicated my year to Alan Gruber, an extraordinary young man with whom I had the honor of serving with in Vietnam. He was a great man, but he died way before his time, 38 years ago. Alan is someone I think of every day, but especially today. Today is the anniversary of the attack which took his life. The memory of Alan has guided me throughout the year, and that memory is with me today.

Just as I have dedicated my life in my year as Commander-in-Chief to Alan's memory, I would urge you all to do the same. Although the ranks of veterans serving in Congress is dwindling, I have no doubt that each of you have been touched as well, whether that's a friend from your younger days or a fine man or woman from your State who has paid the ultimate price for this great nation.

These people are the reason that we do what we do.

As I did with my fellow members, I challenge you to think about that one person who is no longer with us. Think of their face and think of what they would have wanted. Think of this face as you make these sometimes very difficult decisions. I have memories of Alan who is guiding me today.

Chairman Craig, if I may be so bold, I suspect I can think of face or two that runs through your mind although they are thankful they are still with us, Heath Calhoun, Ryan Kelly, Jeremy Feldbusch, the wounded service members who came to you urging your support for the Traumatic Injury Insurance Program and your

inspiration for that program which we were so pleased to support. With them in mind, you spearheaded that legislation through in near record time and we thank you, as well as the Members of this Committee who supported this worthwhile program.

[Applause.]

Commander MUELLER. You proved that Congress cares deeply about those who go in harm's way to protect America and that Congress can act quickly and decisively in their interests. That is what we are asking, dedicate yourself to a personal memory. Put a face on the problems we are confronting.

Turning to the issues, I would like to start with the VA budget. We were pleased to see the President's request. It is an excellent start. When the VA came to us last spring and said they were running out of money, you did not hesitate. You simply did the right thing. You knew that your actions were affecting actual veterans, it was not just an empty and meaningless number. We hope, however, that as you consider the budget that you will remove the prescription drug co-payment increase and the enrollment fee. A Category 7 veteran who makes $26,000 could be forced, for example, to pay many hundreds of dollars out of his or her own pocket. You and I could probably afford that, but many of our veterans cannot. As a result, the VA says that many thousands of veterans will be driven from the VA health care system. These are not just the registered veterans. Many of those lower-income veterans will be forced out, too, some who would likely have no other insurance to turn to. This is unacceptable. Keep these veterans in your mind as you shape policy.

While we are appreciative of this initial budget request, we are also mindful that this is the exception to the rule. We would like to work with you to ensure that there is an assured funding source to provide the VA with a sufficient and timely budget. We cannot allow what happened in last year's funding problems to occur this year or any in the future, for the VA must have an on-time budget, something they have not had in nearly a decade.

We would also like to work with you on two issues that we feel are underserved, mental-health care and long-term care. As the number of our older veterans grows, we need to place increased emphasis on the VA's ability to meet the growing demand for long-term care. The VA must simply live up to its obligation to our older veterans.

With respect to mental health, it is obvious that veterans' needs are changing. We can see that every night on the TV screen as we watch the war unfold before our eyes. We strive to see that the VA adequately cares for returning service members. Programs and services must be in place and properly funded that will allow them and their families to resume their roles in productive society despite the strains being placed on them today. This is what the heart of the VA is all about.

The VA's mission extends not only to health care, but to the delivery of its benefits. The Veterans Benefits Administration is charged with making a veteran whole, especially through the Disability Compensation Program. Disability compensation is essential. This compensation makes up for the economic loss that veterans face because of their service-related disabilities. On a very

basic level, it helps veterans to lead productive lives. It allows them to care for their families, to provide shelter, and to put food on the table. It is a modest benefit, but one that has been accepted by many generations of veterans as fair.

Unfortunately, the administration of the program needs improvement. We want accountability for the problems that it faces, and these problems are twofold. First, the length of time it takes for a veteran to wait for a claim decision is unacceptable. On average, it takes the VA 6 months to process a claim. That's 6 months without their earned compensation, and while assuming a proper decision that the veteran eventually receives the money he or she is due, it is awfully hard to put food on the table with money you're going to receive in the future. It creates a real hardship and unnecessary strain on veterans and their families.

This is why we were upset to see a serious cut in the number of VBA employees who decide compensation claims. The budget calls for a decrease of 149 employees, with a backlog of claims that currently exceeds 800,000, and waiting time that the VA predicts will grow. With the number of men and women fighting around the globe, it makes no sense to cut back the number of these claim decision makers. The VA explains that part of the delay in these decisions is due to the increased complexity of these claims, yet the VA does not request the resources necessary to provide adequate service. This is most certainly not the way to welcome home our courageous warriors.

Another issue that we are concerned with is the VBA's accuracy. When they decide a claim, they're wrong 15 percent of the time. Not only does the veteran have to wait 6 months, they stand a chance of being unjustly denied compensation. How many of them give up in frustration at this point? These men and women fought to protect our freedom. They should not have to fight a bureaucracy. We, through our service officers, do our best to ensure that veterans' claims are fully developed and ready to rate. Even then, the VA makes mistakes. While we file appeals when appropriate, we can only help those veterans who seek us out. What about those veterans who file claims without our assistance? What chance to they have? Is this error rate acceptable? The answer is clearly no.

We need accountability. VBA must strive for more accuracy and better timeliness. We look to you to hold them accountable for these shortcomings. VBA is not adequately preparing for the future. What is their plan for dealing with the increase in combat-wounded veterans? How about the Administration's proposed cut in compensation staffing to help these brave men and women? How is VBA going to process these additional claims when there are already hundreds of thousands of cases in their piles? We want to work with you to improve the VBA and to help them develop a strategy and a plan. No veteran should be forced to wait months for an incorrect decision. Together we must fix this.

Despite these problems with the VBA, we acknowledge that some improvement is being made under the leadership of Under Secretary Daniel Cooper. We hope to work with him to find positive solutions to these many issues. We look forward to working with you to address veterans' policies. Many brave men and women bravely served America and fell while in the service of this great

nation. They now need our help. We will work with you to improve VBA programs so that these men and women can be successful and productive leaders for the future. We want the system to work. We want the programs to be in place that will enable all veterans who are unable to work to resume their places in productive society and make them whole. We welcome reasoned approaches to this and all other issues, but we must be part of this dialogue.

Another important issue that we would like to see improved is the GI Bill. Our long-term goal is the creation of a World War II-like GI Bill which would pay for the full cost of attendance at any school. In the short-term, however, we would like to see some improvements made to the GI Bill benefit for Reservists and the Guard. They are taking an increased role fighting as active-duty forces but not qualifying for education benefits equal to their service. This must be improved, and we must acknowledge the burden we are placing upon them.

Along the same lines, we welcome the opportunity to work with you on a seamless transition. Even after years of trying, VA and DOD are unable to adequately communicate with or work together at this pivotal time in service members' lives.

We have all heard horror stories about how some veterans have fallen through the cracks. It is inexcusable. A service member should be able to go right to the VA without months of delay and endless bureaucracy full of paperwork. While I am not an IT expert, I do know that this is an issue that can only be solved with top-down leadership. This must be made a priority and the two departments must get the job done. We are passed the point of excuses. We need to see results. You are the Congress and you can make it happen. All of these problems have solutions even if they are not easy, and we want to work together having an honest and frank discussion, putting it all on the table to solve the problems for America's current and future veterans. When we have worked together in the past such as on Traumatic Disability Insurance Program, we have done amazing things.

Before I conclude, I would be remiss if I did not say something about our POW/MIAs. This nation and everyone who has worn the uniform of this great country has a sacred mission to ensure the fullest possible accounting of all of those who are missing. Funding for the Joint POW/MIA Accounting Command is now competing for funding with the war, leading to the cancellation of some of the missions and investigations. It should not be this way. This mission is far too important, and I am sure you would agree. Please do what you can to ensure that these are properly funded.

Mr. Chairman, in all of these issues I have spoken of today, it is important that we keep that individual veteran in mind. Our actions have real benefits to them and to the millions of men and women who have worn this uniform, all individuals, all with homes and dreams and futures, we owe them and we owe it to them. We must be mindful of this. It is a special and sacred role. We must make those veterans whole and help them and their families. As you hold your hearings and make critical votes and decisions throughout this year, please do as I have asked our members to do, think of that veteran, think of his or her family and loved ones. Ask yourself what he or she would want. Ask yourself how he or

she would be impacted. Let them be your guide just as Alan Gruber is mine. Their memory can show you the way.

Mr. Chairman, this concludes my testimony. I would be happy to answer any questions that you or the Members of this Committee may have.

[Applause.]

Chairman CRAIG. Commander, thank you very much for that marvelous statement, and your admonition that we think of a veteran is a good one and really one of the very best because we oftentimes look at large programs and numbers and dollars and cents. I think that you are right that when it comes to an individual veteran and his or her problems, it allows us to focus in a way that you normally do not focus when you deal with these kinds of issues. Let me thank you for that.

We have had a couple of our colleagues join us. We also have a vote, we believe, starting around 10:45. We will work our timing accordingly. Senator Jim Jeffords of Vermont has joined us. Jim, welcome. Do you have any opening comment?

Senator JEFFORDS. Just a little one.

Chairman CRAIG. Please proceed.

OPENING STATEMENT OF HON. JAMES M. JEFFORDS, U.S. SENATOR FROM VERMONT

Senator JEFFORDS. Thank you, Mr. Chairman. I appreciate hearing your testimony today, all of you, and thank you for being here.

I was pleased to meet with the Vermont representatives of the Veterans of Foreign Wars and so I am familiar with some of your agenda items and goals. I have enjoyed working with you in the past to serve our nation's veterans and I look forward to working with you again. You can count on me. Thank you.

[Applause.]

Chairman CRAIG. Jim, thank you. Senator John Thune lives in an area where spring has not yet sprung, in the Dakotas, South Dakota.

Senator THUNE. You and me both, Mr. Chairman.

Chairman CRAIG. Right.

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

Senator THUNE. I also want to thank you, Mr. Chairman, for holding this hearing to give our veteran organizations the opportunity to testify about their legislative priorities and want to extend our welcome to the national leadership of the VFW who are here today testifying, as well as the many in the audience here today. We want to thank you all very much for your distinguished service to our country.

I would simply add, Mr. Chairman, that as I have noted before, budgets are an indication of a nation's priorities and I think it is awfully important, as we go through the budgeting process here in Washington, that we bear in mind the comments of the Commander that were just made about the importance of keeping in mind the individual veteran out there and the responsibility that this nation has to our veterans. Clearly this year the increase in funding that has been proposed already in the President's budget

is significant and I think a reflection of the importance that we need to be placing on funding for veterans programs. The biggest room in the house is the room for improvement, and we are always looking for ways that we can do a better job of serving our veteran population.

I look forward to working with you as well as with members of the service organization, the VFW that is represented here today and the members across the country and certainly in my State of South Dakota as we grapple with our best to serve the needs of our veteran community and try and accomplish that within the budgetary constraints that we face here in Washington every day, giving the appropriate and high priority that we need to veterans' programs.

Thank you, Mr. Chairman. Thank all of you for your service and for your representation here today. It means a lot to us to see all of you here engage in this process and obviously lending your voice to what is a very important priority for our nation, and that is meeting the needs of America's veterans. Thank you.

[Applause.]

Chairman CRAIG. Tom, thank you. We will start our questioning from the Committee, and then if the bell rings and we have to vote, Commander, we will do that. We will all let you stand down for a bit and then we will be right back to you.

Commander MUELLER. Thank you, sir.

Chairman CRAIG. One of the responsibilities I have is no different than yours in the sense that it is important that we not only look at today's needs, but we look at future responsibilities as it relates to funding a system that is so critical to veterans' care, not only for those who are now there, but for those who will be there in the future.

Certainly, one thing that I think all of us can be proud of and certainly you can with your advocacy is that because of that advocacy, we have created a system that is now by most veterans' estimation a health care delivery system of first choice, not second choice or third choice or simply an alternative if you do not have any other place to go. As a result of our funding and your advocacy, it is now by most medical journals' analysis one of the best health care systems in the country, and I think that is something we can all be proud of.

It is interesting that that whole effort started some years ago and it is a product of investment that has brought us to where we are today. In that commitment of money, I have mentioned that during these times, the VA budget while you have all been critical of it, has still grown at a rate faster than nearly any other budget in the Federal Government. As an example, as I mentioned that over that 5-year period, about a 38 percent government-wide growth, yet the VA was at 46 percent. That is not something to be critical of. That is something to be proud of. It shows where Congress and where you were and are today as it relates to priorities.

Last year, Patty Murray, I and others became frustrated with where the budget was, so we marked it up dramatically because we knew it was the right thing to do. We also said to the VA we are not going to go through this again. You are going to start reporting to us on a quarterly basis your expenditures so that we can map

it and track it, and, more importantly, so they can in a way that they had not done before. The Secretary, Secretary Nicholson, has honored that. We have had our first quarterly estimate of expenditures and revenues, and we are on track in relation to where we were with the budget, and we will continue that process and attempt to refine it.

Commander, our priorities are our priorities from medical health care to long-term care, disability, the GI Bill. I want to tackle the GI Bill this year. I think we have a reality check there as it relates with Guardsmen and Reservists who now have served actively but may not be eligible under the current program and I think probably deserve that eligibility.

Seamless transition should not be simply a flight of rhetoric. It needs to be a reality of the kind that we have not seen in the past, that we will stay with DOD and with VA until they get it right.

[Applause.]

Chairman CRAIG. I cannot imagine that a thorough examination by a doctor at DOD isn't good enough for VA. Somehow it just does not make sense that you run a veteran through these constant myriads to qualify because if you are not wearing the VA pin on your lapel it does not count. To me it does not count, it does not make sense in that regard. As a result of that and cost savings, and we will look for cost savings, that is a part of that analysis and seamless transition that is all I think going to be extremely important.

Let me address the tough one, the tough one that most Members of this Committee reject and that I have had to look straight at that your organization rejects, and that is where we are today with revenues and services and programs, and not with some concept of simply going out and raising more taxes across America, because when you look at the reality of budgets, it is very difficult to say that VA has done badly under any of these scenarios or, in fact, that the Government is not raising more money. It is simply in what is now a very strong growth economy by most estimations.

Ten years ago Congress enacted Eligibility Reform Legislation to expand access to VA health care for veterans according to a value-based priority system. At the time, major veterans' organizations including yours argued that eligibility reform would be budget-neutral. We were in a deficit at that time. We corrected that deficit, we tightened our belts, the economy took off and we found ourselves in the late 1990s in a surplus. We went on to say that low-priority veterans would access VA care at their own expense. That is what most major veterans' organizations agreed to during this time of reform. Some would argue it was during a time of deficit and that was then, this is now. It is also true that Congress during the time of surpluses simply chose to walk away from that as did most veterans' organizations. Why? Because there was money out there, and a lot of it and we were funding at a higher level ever and so we didn't push the point of the reform.

Fast-forward to 2006. We know that eligibility reform was not budget-neutral. In fact, the VA health care budget has doubled in 10 years since its enactment and many believe VA's budget is under funded still, and that is clearly what we are hearing from most of you and many of our colleagues.

Given this set of circumstances, and I try to approach this as neutrally as I can, but recognizing that I have a job to do and it is a job not of falling to the rhetoric, but looking at all the numbers and working with all of you to try to resolve some of these critical problems and keep these levels of care where we want them to be.

Is it unreasonable to ask that those with no service-related disability and the means to afford it, and while it is arguable that some may not be able to, 90-plus percent of those 7s and 8s have health care or access to health care today by their own admission, is it wrong to ask for $21 a month or just 69 cents a day to gain access to the No. 1 health care system in the country? That is a phenomenal asset by any estimation. I could say less than the cost of a carton of cigarettes a month, but then again the argument is what can we do and what should we do, and where should our priorities lie.

I sent a budget letter last week to the Chairman of the Budget Committee. It is part of the process we do here. Now the Chairman of the Budget Committee has all of the letters from the authorizing Committees as to levels of expenditure and what we are recommending. We took the President's budget, we looked it over a little bit. We changed some of it because we thought some of the priorities in research and mental health were not as good as they ought to be and we moved the numbers. But in that, I did move the issue of the co-pay as it relates to 7s and 8s, and drugs from 7 to 15.

Here is why I did it. If we do not do that, then to keep this President's budget at this level or above, we have got to go find $795 million out of the General Fund. My colleagues on this side of the aisle have recommended substantially more than that. I think it was $1.6 billion more than the President's budget, and so on and so forth.

The reason I walk you through this is that we really are focused and have to be and should be on your behalf. Instead of just simply saying, "no," we are going to ignore it this year and move on, because within a year and a half or two if I am still Chairman of this Committee and you are back, we are going to be presiding over a $100 billion VA budget and it will be competing with every other budget of our Federal Government. I am not sure at that point we can sustain it because I do not agree with the rhetoric which is flowing out there now which is purely politics, that, "oh well, 2007 is what it is, the President deserves a little credit, but gee look, in 2008 we are going to cut like heck." This Congress is not going to do that, period, end of statement. What we are going to have to do, I believe, and that is why I am approaching you as boldly as I can today, is to look at some alternatives for resources as it relates to those who are not disabled or service-connected, who are less than needy, but who can gain access to the best health care system in the world, and to make sure that our funding gives us the sustainability of that quality health care system.

For those of you who are members today of the VFW and those incoming who will be members tomorrow and 20 years from today, Commander, that is our challenge. Your organization and many organizations were once there at a different time, a different place, but we recognized the need to prioritize then. Today the arguments are different. The budgets are not much different as it relates to

deficits and demands. We are at war. We were not 10 years ago. Priorities have shaped a different kind of budget.

Those are my concerns and I have spoken too long. There is a question within that. Possibly you, Commander or maybe Mr. Wallace, would like to respond, but it is a concern that I do not believe I can just pass go anymore for the sake of the politics of the issue. I think there is a responsibility I have to bear up under.

Commander MUELLER. Mr. Chairman, I would ask that Mr. Wallace answer this.

Mr. WALLACE. Mr. Chairman, to go back 10 years when eligibility reform became a reality, Dr. Ken Kaiser was the Under Secretary for Health, and there were two things that he said would happen. No. 1, the VA would collect insurance from those veterans for nonservice-connected aliments. The VA has been doing a better job of it. I think it is around $2 billion they got this year, but they are estimating $2.8, I believe, in the budget and I do not think they are going to get that. That is one thing, the VA has not been fast enough in beefing up insurance collections.

The other thing that Dr. Kaiser emphasized was Medicare reimbursement, that the VA would be able to charge Medicare eligible veterans for their Medicare money. Congress has never moved on that, so that's hurt the problem. Someone who makes $26,000 a year is not a rich veteran, and $21 may affect them. Someone who makes a lot more money, that we can talk about, I would think. A lot of people in VA say there are 800,000 veterans that are Category 8. Only 200,000 of those 800,000 actually use the system from what VA reports, and they use it for prescription drugs only. If that is the case, why doesn't Congress look at a prescription drug plan for those people where they charge them a fee for admission, and charge them more money for their drugs if they make over X amount of dollars? The VFW has pushed that legislation for 2 years and we got absolutely nowhere, but I think that it is something you could look at. The two things that eligibility reform were predicated on was Medicare reimbursement and the third-party collections, and that has not come through.

[Applause.]

Chairman CRAIG. Thank you for that response. We are pushing VA to accelerate third-party reimbursement, and by our own admission, $2 billion is a lot better than where it was, and we hope it will become much better. You are right, it was Congress that chose not to go to the Medicare route. Why? Because some VSOs saw a conflict there and were very fearful that if money began to be replaced within the system by Medicare reimbursement, that the overall budget priorities of VA within the system would lessen because Congress would see an alternative form of revenue flowing in that they would not have to compensate. Those are very legitimate concerns, but in all fairness, Mr. Wallace, it is pleasing for me to hear that maybe there are some things that we can look at.

Frankly, right now what I am hearing is, "no, no," and I must tell you that the day that a fellow taps me on the shoulder in Boise, Idaho, who is a very successful retired doctor with by any estimation a fair amount of money in his pocket is frustrated because he cannot gain access to the system because he wants just exactly what you have said some show they want, they want access

to the pharmaceutical program. He was eligible because he had served and he believed he was eligible and needed it. I will not go any further than that. There are savings to be made and realities here to deal with and that is why I am challenging all of us today not just to say, "no, no, we will just pull it out of the budget." That will be even a more difficult task than last year. It is not an impossible, but it is a difficult task, and what I am looking at, I am trying to get out in front of the headlights just a little bit as it relates to the future.

Mr. WALLACE. I think the Commander's testimony was very clear, we want to work with you and we are not saying no to anything. We want to sit down and we want to have a real dialogue where everybody clears their brain of their preconceived notions and sits down and has a dialogue that is honest and open and frank to try to solve the problems. You cannot get $100 million of new money last year from the President's budget, and this year you get $2.675 billion in new money and anticipate the VA or any business to work in an efficient manner when they never get the money on time for the last 10 years. It cannot happen and so veterans are being affected by that also. We want to work with you in an open and frank dialogue.

Chairman CRAIG. Thank you. Thank you very much. We will count this as a dialogue begun, all right?

Mr. WALLACE. Thank you, sir.

[Applause.]

Chairman CRAIG. Now let me turn to Senator Patty Murray.

Senator.

Senator MURRAY. Thank you, Mr. Chairman, and thank you so much for your testimony. I hear about the increased dollars for the VA and I say, "yes, it is about time," and we also have to have part of the reality of why we have had to increase dollars and why we still are not there yet. We know that Vietnam veterans are now accessing the VA system. We have heard of a 46 percent increase in the budget of the last 5 years, but in some areas we have seen a 70 to 80 percent increase in the number of veterans accessing the VA system. No surprise here, a lot of companies are now not providing health care, so veterans who have a right to access the VA are now accessing their VA system there. It is part of the health care crisis here, and veterans have a right to do that.

The overall cost of health care has increased dramatically in the last 5 years. That has affected the VA. We have to budget for that increased cost just like every business is having to do. We know that over 140,000 Iraq and Afghan veterans are now accessing the VA system. When we send our men and women to war we have to budget here in Congress for the cost of that war, and part of that cost of war and an important part of it is caring for those veterans when they return.

We know that over 500,000 men and women have already served in Iraq and they now all are entitled to VA care, and it is our responsibility to budget for them. There are a number of increasing pressures on the VA system. That is why we saw the problem last year of being under funded by $1.5 billion. I am concerned we still do not have a real model to track the needs of veterans. I, for one, just am deeply concerned about a budget that relies on veterans

themselves to now have out-of-pocket expenses paid for when I know that none of them—when they signed the dotted line to serve our country, so no asterisk there—said if you make a lot of money you do not get care.

[Applause.]

Senator MURRAY. What I know is that they signed up to serve our country and our country signed up to serve them. I am just one of those who does not believe that that is what we need to do in order to balance our budget. We have a lot of things we need to do within our budget to balance it. We also need to call on all of our American citizens to help pay for the cost of war, and veterans are a part of that.

Let me ask you, Commander, we have gone through all of this about the VA not having adequate funding. We are delighted that the President's budget has more funding. I am still very concerned. I hear about those long lines. I hear about our vets not getting the services they need. I hear about instead of producing a budget that has the dollars looking for ways to have veterans pay for it. That concerns me. I would like to find out from you how you think the VA should change its budget model so that we can better track the real needs of our veterans.

Commander MUELLER. Ms. Murray, I will call upon Mr. Cullinan to answer that.

Mr. CULLINAN. Thank you very much for the question, Senator Murray. One of the things that we have been looking at and promoting through the years is an assured funding method to make sure that VA not only gets enough money, but VA gets it in a timely basis, and that is also known as mandatory funding. The reason that we have supported mandatory funding through the years is because, as Mr. Wallace mentioned earlier, the budget has been late the last 10 years in a row and there has been terrific uncertainty as to not only when it is going to arrive, but how much it is going to be. This puts an awful strain on those who manage this nation's largest and best health care system.

I think anyone who has run a business knows that if you do not know how much money you have to work with nor when you are going to get it, you simply cannot operate in an efficient manner. We assert that something along that line would not only provide the proper funding for VA, but it would increase efficiency as well. That is another advantage. The managers know when they are going to get the money and how much it is going to be, and that in itself increases efficiency and it allows them to bring on board the health care professionals that the system needs in a timely fashion. Thank you.

Senator MURRAY. Thank you. Commander, you are a member of the Independent Budget Committee. I wanted to ask you what your impression is of the $1.1 billion in funding that the VA is supposed to find through management efficiencies.

Commander MUELLER. I think we would have a lot of work to do in that area to find that money in that.

Senator MURRAY. Do you think there are management efficiencies?

Commander MUELLER. I believe in efficiency. Yes, I do.

Senator MURRAY. Do you think there is $1.1 billion that we can find there?

Commander MUELLER. I do not.

Senator MURRAY. How do we do that?

Commander MUELLER. I would ask Bob or anybody else who might want to comment on that.

Mr. WALLACE. Figures do not lie, but liars figure and management efficiencies so many times is just a plug figure to make it look good.

Senator MURRAY. I think that really concerns me.

Mr. WALLACE. The reality of it is there are some efficiencies that can be made, but I think it is a little bit overoptimistic on the part of the Administration.

Senator MURRAY. I have to agree. I go out to my veterans' hospitals and these are hard-working doctors. They are doing the best they can. They are really struggling. It is always so easy to say find a management efficiency and too often that means somebody has to wait in line longer, and I am just not going to support any kind of management efficiency that means that. I would like to hear more from you on that in the future if you could.

I know our time is running out and I know we have a vote. I just wanted to ask you, in your testimony you outlined a need for over a billion dollars in construction funding to even meet the Enhanced Services Threshold that is promised as CARES Review that we have been through. What message does this lack of construction funding send to your members?

Commander MUELLER. I think if they do not have the interest to go ahead and do new building and construction for hospitals and make them available especially to the veterans who are in rural areas, as was addressed, where veterans can get to them without a lot of travel and inconvenience, it is the wrong priority in some ways.

Senator MURRAY. I agree with that because many of our veterans are in very rural communities and have to travel 8 to 10 to 12 hours. We are talking about World War II veterans, an aging Vietnam veteran population, often veterans with severe health care problems. We promised them these clinics through the CARES process but we have not budgeted for them. I am very concerned that this is a huge hole that we need to address.

Commander MUELLER. I will agree wholeheartedly.

Senator MURRAY. Thank you. I know, Mr. Chairman, we have a vote so I will submit the rest of my questions if that is all right.

Chairman CRAIG. Patty, thank you very much. We do have a vote underway. I am going to ask that the Committee stand in recess for a few moments. I will hustle over and vote and be back in probably about 10 minutes. I have a couple of more questions to ask, and some other of my colleagues may join us at that time. Again, thank you all very much, and the Committee will stand in recess for approximately 10 minutes.

[Recess.]

Commander MUELLER. Mr. Chairman, we must always make our veterans a top priority. I do not know who the author of this is, but it was said that once a nation forgets about its warriors, that nation will soon fall from greatness, and I think we owe it to our

veterans coming back to put them as one of our top priorities in this country.

Chairman CRAIG. Thank you for that.

Mr. WALLACE. Mr. Chairman, I think we all agree the system is not working today. It can be called Craig Funding, Wallace Funding, Mueller Funding, VFW Funding, Akaka Funding, whatever, we have to fix it, I think that is where we have to have some serious dialogue, on how to fix it. Maybe some mandatory, maybe some assured, whatever you want to call it, for certain veterans, maybe for others, I do not know what the answer is, but we have to get in a room and start throwing things against the wall to see what can stick. We want this system to stay in place and we want it to be improved, and today's system is not working when we have to worry about whether we are going to make the payroll tomorrow or when they are going to get the money and how many staff they are going to be able to hire and so forth and so on.

We welcome the opportunity, again, to sit down and talk about it in a very serious nature. We realize we are not going to win everything, and you realize you are not going to win everything. Politics is the art of the possible, and I think we can make the possible become a reality if we have a serious discussion.

Chairman CRAIG. That is a marvelous challenge. We are in the process of taking you all up on it because I think the process itself, the budget process we are now in, offers us that challenge. Thank you.

Let me turn to our Ranking Member, Senator Akaka.

Danny.

Senator AKAKA. Thank you very much, Mr. Chairman. I thank you for this opportunity. As I said early in my statement, we have the same goals—the Chairman and I. We differ on how we pay for it. For me it is a matter of priorities. We must make some hard decisions and ensure that our veterans be our priority, as much as a priority as our national defense. Many of us feel that veterans deserve all they need, having served our country as you have.

As we do this, I remain committed to ensuring that all veterans receive access to the VA's health care and services. You do understand that this Committee, the Chairman and I, have been looking for the funds needed to help veterans and will continue to do that. As I mentioned also in my statement, that I have been looking for justification for whatever our needs are and the costs of that and have been pinning it on what I call the cost of war, to put it on another level.

I have been with this Committee now for 16 years and during that period of time this Committee has had difficulties and challenges in trying continually to get the kind of funding that is required for veterans' benefits. As I just mentioned this is a cost of war.

I mentioned also in my opening statement the GI Bill and how it really helped me. Senator Inouye, Senator Matsunaga, and I, as well as many other leaders of the communities in Hawaii and in government, really got to these positions because of the GI Bill. I remember receiving $113 a month to help with my finances, and all of my tuition was paid. It was such a huge help. When I look back I will tell you that without the GI Bill I would not be here.

That is how important it was for me, and it is important for our veterans today.

I note, Commander, in your testimony that you believe it is unfair for young men and women to declare participation in what we call MGIB which is the Montgomery GI Bill Program so early in their careers. What do you think would be a better alternative to what we have now?

Commander MUELLER. I know how important education is to everybody if they are going to succeed in life, and I think a lot of our young men and women have joined the military to also further their education. I think we need to afford that chance to take up that education. I am not sure if I understand what you mean, and I will ask Dennis to help me on this.

Mr. CULLINAN. Thank you very much, Commander-in-Chief, and thank you for the question, Senator Akaka. One of the things that we are looking toward is the elimination of the $1,200 contribution. That is right at the point when a service member is making the least amount of money. It is also the stage of their career in their youth where their priorities may not be such where they would opt to pay that kind of money.

What we would most prefer is to see the $1,200 eliminated, and most certainly lacking that, that they should be able to make the election at some later point. They are first starting their military service, it is the lowest amount of money they make, and they may not then really understand how important an education is. I know myself when I went in the military, it took me a while to figure it out.

I would add one other thing. We also think it is very important to look to our Guard and Reserve, and that was mentioned earlier on. There is the issue of proportionality. Right now the Guard and Reserve benefit simply has not kept pace with the regular active-duty force. Another issue is the fact that when they leave military service, they cannot use the benefit anymore. We think the benefit has to go up proportional with their service, and they have to be able to take it with them as well. They have to be able to use it when they leave the Guard or Reserve, similar to the way it is with the active-duty MGI Bill.

Senator AKAKA. Thank you for your responses. Given that Congress rejected the enrollment fee and drug co-payment increase for the past 3 years consecutively, why do you think that the Administration has proposed that again? What options does your organization see as viable for ensuring that adequate capacity and resources remain available?

Commander MUELLER. I would think we would go back to the Medicare issue, accepting Medicare, to let them come in and use their Medicare and co-payments and that.

Senator AKAKA. As I mentioned, the Congress has rejected the enrollment fee and drug co-payment for the past 3 years consecutively, and we're proposing to do that again. It is something that maybe we need to continue to look at. I know my time has expired.

Chairman CRAIG. Go ahead. If you have some more questions, I am through. Please proceed.

Senator AKAKA. Let me ask another one, and I'll have other ones that I will enter into the record.

This question continues the dialogue we have begun to have with other veterans' groups. As we talk about narrowing eligibility, we must understand what the consequences will be to the entire VA health care system. The President is clear on who should be eligible for VA health care, only those with service-connected health needs. Do you think the system as we know it today can survive if eligibility is severely narrowed, could our teaching and research missions be continued, and would specialty programs survive?

Mr. CULLINAN. Thank you, Senator Akaka. Senator, we strongly believe as an organization for the world's best health care system to survive as a system, it would be absolute folly to limit the eligibility to that degree. Just to have a system this large operate efficiently, you need something along the lines of a critical mass of patient load, you need a diversity of patients with a diversity of health care problems. That has to do with the treatment modalities themselves, it has to do with what you yourself just mentioned, attracting the proper research mix into the system, drawing some of this nation's very best doctors and research scientists into the VA, because not only are they dealing with things associated with combat trauma, but aging and any number of other health care issues. Absolutely not, we think it would be disastrous if the eligibility were to be narrowed to that regard for that reason.

Senator AKAKA. Another mention I made in my opening statement was about research and its mission. What do you think about continuing these research missions?

Mr. CULLINAN. Research is incredibly valuable in and of itself. If it were not for the Department of Veterans Affairs with respect to such things as prosthetics, cardiology, hearing impairments, blindness, vision impairments, we would be in medical terms 100 years behind where we are today, so absolutely. These are essential things that the VA handles. A lot of these things are not commercially viable which is the reason that the VA had to take the lead. It was so important that they did it a number of years ago because they are money losers, but if the Department did not take a lead in this area, veterans would suffer as a consequence and the nation would suffer because it is this technology and the medical treatments that the VA has developed through the years that help not only veterans, but all of us, and the world as a whole.

Senator AKAKA. Thank you, Mr. Chairman. I know my time has expired. I want to tell you that we would like to continue to hear from you. You are very important to the veterans of our country and your thoughts are very important to us.

Commander MUELLER. It's good to work with you.

Chairman CRAIG. Senator Akaka, thank you very much. The Committee record will remain open for any additional questions that Members may have for the appropriate period of time.

Commander, again on behalf of the Committee we thank you and your colleagues at the table and certainly all assembled and those well beyond you that you represent for the kind of work that you do on behalf of America's veterans. I hope that the dialogue of today has been appropriate and enlightening and I hope challenging to all of us as we work our way through these difficulties and opportunities. I really am one who believes that sometimes problems can become opportunities if we are willing to look beyond

the box a bit and try to resolve some of these questions because there is one goal that we all hold very common, and that of course is to sustain a system to continue to serve America's veterans and that is a challenge that we will meet.

Again thank you all very much for your time here today, and with that the Committee will stand adjourned.

Commander MUELLER. Thank you, Mr. Chairman.

[Applause.]

[Whereupon, at 11:18 the Committee was adjourned.]

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