



# Fiscal Year 2020 President’s Budget: Requests Related to Veterans’ Readjustment Benefits

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Joint Statement of  
The Co-Authors of The Independent Budget:  
Veterans of Foreign Wars  
Disabled American Veterans  
Paralyzed Veterans of America

Before the

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Committee on Veterans’ Affairs  
Subcommittee on Economic Opportunity

With Respect To

“Fiscal Year 2020 President’s Budget: Requests Related to Veterans’ Readjustment Benefits.”

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Chairman Levin, Ranking Member Bilirakis, and members of the subcommittee, the co-authors of *The Independent Budget* (IB) — the Veterans of Foreign Wars (VFW), Disabled American Veterans and the Paralyzed Veterans of America (PVA) — are pleased to present our views regarding the President’s funding request for the Department of Veterans Affairs (VA) for Fiscal Year (FY) 2020, including advance appropriations for FY 2021.

## **VR&E Program**

The Vocational Rehabilitation and Employment (VR&E) program, provides critical counseling and other adjunct services necessary to enable service-disabled veterans to

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overcome barriers as they prepare for, find, and maintain gainful employment. An extension for the delivery of VR&E assistance at a key transition point for veterans is the VetSuccess on Campus program, deployed at 104 college campuses. VetSuccess offers services on five tracks: re-employment, rapid access to employment, self-employment, employment through long-term services, and independent living. Additional VR&E services are provided at 71 select military installations for active duty service members undergoing medical separations through the Department of Defense (DOD) and VA's joint Integrated Disability Evaluation System (IDES). In 2016, Congress enacted legislation (P.L. 114-223) that included a provision recognizing the need to provide a sufficient client-to-counselor ratio to appropriately align veterans' demand for VR&E services. Section 254 of that law authorizes the Secretary of Veterans Affairs to use appropriated funds to ensure the ratio of veterans to vocational rehabilitation counselors does not exceed 125 veterans to one full-time employee (FTE) equivalent. For FY 2019, VR&E was authorized to hire an additional 174 FTEs. Congress needs to closely review how VR&E is implementing this workforce increase and carefully review the Administration's FY 2020 budget for VR&E now that it has been presented.

VA budget documents state that the VR&E program will meet and sustain the congressionally mandated goal of 1:125 counselor-to-client ratio. However, the latest data in the VA budget document also shows that from 2016 to 2018, the number of VR&E participants fell from 173,606 to 164,355 -- more than a five percent decrease. During that same period, VR&E's caseload also dropped from 137,097 to 125,513 -- an 8.4 percent decline. It would appear that VR&E is able to meet the 1:125 goal by serving fewer veterans. Given how important and beneficial the VR&E program is for disabled veterans by providing many of them with the ability to increase their economic independence, why are fewer veterans taking advantage of this program? Is the lack of counselors impacting veteran utilization? Has VR&E instituted any new policies or practices that have deterred disabled veterans from seeking these services? What action is VA taking to increase awareness of the availability and benefits of VR&E services? We are concerned that the lack of counselors over the years has finally caught up to VA and participation in VR&E has dropped because of this.

## **VA Education Services**

The IB veterans service organizations (IBVSOs) are concerned about the lower funding request for VA's Education Program. VA requested \$6 million less than the amount appropriated the previous year, and we think that is taking a step backwards for this incredibly important office. By VA's own projections, they will see an estimated increase of almost 800,000 claims over the next two years. There are also additions to the GI Bill, such as the STEM extension and the VET TEC program, along with implementation of the Basic Allowance for Housing changes due to roll out in December. VA's emergency overtime budget was almost depleted due to challenges with Forever GI Bill implementation, and the

IBVSOs believe VA should be ready for additional overtime for implementation this time around as well. Additionally, VA's aging infrastructure routinely requires additional resources and last minute workarounds in order to administer education benefits. With these challenges, the IBVSOs believe VA should be seeking more funding to make the necessary changes, not less. Historically, VA has struggled to implement GI Bill changes on time and under budget dating back to the original inception of the GI Bill in 1944. Each iteration of the GI Bill has come with its own challenges during implementation, and the Forever GI Bill is just another example of that. While it is difficult to budget for breakdowns and failures, the method of planning for the worst and hoping for the best is something VA should look to do when making changes to the GI Bill. This lower budget request seems like VA is planning for the best, and hoping for the best, without taking past challenges into account.

### **Information Technology**

Over the past several years, the Veterans Benefits Administration (VBA) has developed and implemented new IT systems to support several program transformations, including the Veterans Benefits Management System, National Work Queue, Case Flow, and eBenefits. Unfortunately, VBA must compete with other offices and agencies within VA for the limited IT funding available each year, delaying development and deployment of critical IT systems and programming. As a result, critical IT systems are rarely fully developed before business process changes are implemented. Instead, they are phased in over several years, forcing VBA to rely on an inconsistent mix of old and new IT systems, as well as an endless stream of suboptimal workaround solutions. While it may be understandable from a purely budgetary view to stretch out development and deployment of new IT systems, it is a failure from a functional perspective. Providing only partial IT solutions inevitably results in a loss of productivity, and often leads to lower quality and less accurate decisions on claims and appeals by veterans. For example, similar problems caused by inadequately developed technology can be seen in the VR&E's \$12 million IT debacle and the education service's continuing problems in making accurate payments under the new GI Bill program.

Unfortunately, VBA has a long list of pending IT funding requests, forcing it to prioritize and, thereby, delay many IT projects that could have led to better, more timely outcomes for veterans. In order to achieve the fullest gains of both productivity and quality possible, the IBVSOs recommend that Congress provide VBA with full funding upfront to develop new IT systems and reprogram existing ones. For FY 2020, the IBVSOs recommend that an additional \$50 million be added to the IT budget to accelerate critical IT projects, particularly those related to programs within VBA.

### **Homeless Issues**

VA's homeless programs are comprehensive including medical, dental, and mental health

services, as well as specialized programs for post-traumatic stress disorder, sexual trauma, substance use disorder (SUD), and vocational rehabilitation. VA adopted a model of housing veterans first, rather than requiring them to be in recovery or treatment for mental health or SUDs prior to receiving housing assistance. Homeless prevention coordinators and peer mentors are essential to the success of the program and help veterans navigate the system to get the services they need. VA should consider increasing the use of peer specialists, particularly those who are in recovery from SUDs and/or have experienced homelessness. Peers who have had similar experiences are often able to connect on a more personal level and can help homeless veterans overcome challenges, actively engage in treatment, and maintain healthy, sober lifestyles. While VA's comprehensive services, efforts, and approach to ending homelessness among veterans is effective overall, the National Coalition for Homeless Veterans recommends increased funding for the Supportive Services for Veterans Families program — the only program targeted at those at risk of losing housing. This would allow VA to maintain these prevention efforts, expand the program to new communities, and focus on innovative approaches to prevent more veterans from becoming homeless. The IBVSOs recommend that VA address the unique risks associated with subpopulations of homeless veterans, particularly women, minorities, those with serious, chronic mental illness or traumatic brain injuries, and aging veterans. VA should also continue to develop relationships with community providers that supplement current services and ensure its programs remain effective and flexible. The IBVSOs commend VA and the Department of Housing and Urban Development (HUD) for establishing a new pilot program to provide grants to make housing more accessible for low-income veterans with physical disabilities. VA should continue to grow its Enhanced Use Lease program, and work in partnership with HUD on project-based HUD-Veterans Affairs Supportive Housing vouchers, in order to spur the construction of critically needed affordable housing for homeless veterans with the highest needs.

### **Special Adaptive Housing**

VA's Specially Adaptive Housing (SAH) grant program helps veterans with certain service-connected disabilities to live independently in a barrier-free environment by providing critical housing adaptations. The accessibility provided through this program greatly increases the quality of life for these veterans, but to qualify, the individuals must endure a lengthy and cumbersome process. The controlling authorities governing the program are outlined in title 38 United States Code 1717, 38 Code of Federal Regulation (CFR) 17.150 and CFR 17.3100 – 17.3130. Veterans Health Administration (VHA) Directive 1173.14 entitled, "Home Improvements and Structural Alterations Program," establishes uniform policy, processes, and procedures governing VA's Home Improvements and Structural Alteration program.

The IBVSOs' first concern with the SAH program is a veteran's inability to locate a responsible and experienced contractor to complete SAH modifications. One of the

complicating factors with the program is that a veteran must submit three bids to VA as part of the SAH process. Normally, this would not be difficult for a homeowner who is completing a typical project. However, there are very few contractors who have experience making home modifications for disability access. If a veteran resides in a rural area, it is even more difficult to find an appropriate contractor.

SAH requires a lot of paperwork and procedures, all of which can lead to frustrations and delays. VA will often ask repeatedly for the same paperwork making the process very redundant. Consequently, many contractors are not willing to work with VA. Furthermore, VA is known to take a long time to pay SAH contractors, so they must complete the work before being compensated. This results in contractors having to carry construction costs on their own. Normally, contractors have a payment schedule, so they are not forced to do this. To improve the relationship between contractors and VA, we recommend that VA work more closely with building associations to educate their members about SAH. Such relationships would not only ensure that contractors have more knowledge about the required paperwork, but they could also lead to improved processes as VA learns more from contractors about how to facilitate their participation.

The IBVSOs' second concern is the timeliness of modifications. Our field employees say many veterans are waiting an average of 6-8 months (up to two years in some cases) to have the modifications completed. The ability to safely live independently is a common goal of SAH eligible veterans and any processes that foster delays must be addressed.

For example, the average person diagnosed with ALS (Lou Gehrig's disease) generally lives two to five years after diagnosis. Many veterans represented by our organizations rarely live past one year after diagnosis. Therefore, timely completion of SAH modifications is imperative. There have been instances where veterans have passed away before the modifications have been completed. The very nature of ALS presents different circumstances than those present for many other SAH eligible veterans. For veterans who have been diagnosed with ALS, their health declines so quickly it is imperative they receive modifications as soon as possible to improve the quality of what life they have left. The IBVSOs believe that the cases of veterans with terminal illnesses, like ALS, should be prioritized. If VA is unwilling to do so, then Congress must pass legislation directing it.

Finally, the IBVSOs are concerned about consistency in the administration of the SAH program. Often the quality and speed of the work seems to depend entirely on the geographic location of the veteran. This is troubling based on the fact that compared to other programs, SAH is very small. It should not be as difficult for VA to maintain a standard across the board. Veterans should not be punished for where they choose to live. Instead, they should be able to receive quality service regardless of the location of their residence.

## **Veteran Unemployment**

Veterans with disabilities continue to struggle in the job market with lower labor force participation rates compared to veterans without disabilities. Employment challenges are even greater for veterans with the highest disability ratings. Veterans who have a disability rating of less than 30 percent were about 40 percent more likely to be engaged in the workforce than veterans with a 60 percent or higher disability rating. Only about four in every ten veterans with a 60 percent or higher disability rating participated in the labor force in 2017. This growing labor force participation disparity exists for veterans (Gulf War-era II) who have served on active duty since September of 2001. Bureau of Labor Statistics data showed that Gulf War-era II veterans without a disability were 12 percent more likely to be in the labor force than Gulf War-era II veterans with disabilities.

## **Fourth Administration**

In order to further strengthen VA's education/economic opportunities and transition programs, the IBVSOs support the *Veterans' Education Transition, and Opportunity Prioritization Plan Act of 2019* (VET OPP Act) which would separate from the VBA programs under the purview of the Office of Economic Opportunity (OEO) and elevate them by creating a new fourth administration within VA with a new Under Secretary for Economic Opportunity and Transition. The new Veterans Economic Opportunity and Transition Administration (VEOTA) would include critical programs such as VR&E, the GI Bill, and the Transition Assistance Program (TAP) for transitioning service members.

At present, VA is comprised of three administrations: VBA, the VHA, and the National Cemetery Administration. VBA includes not only compensation and pension programs for veterans, but also education programs, VR&E, home loan, veteran-owned business programs, and the broadly defined transition program, which is shared with DOD and the Departments of Labor (DOL) and Homeland Security. All of these programs are currently overseen by the OEO which is to be led by a Deputy Under Secretary. However, that position has been left vacant for years and it does not appear that the vacancy will be filled any time soon.

Currently, the OEO programs inside VBA must compete for resources and focus with the Compensation, Pension and Insurance programs, of which compensation is by far the largest and tends to dominate the attention of VBA leadership and personnel. Because of the scale and scope of the claims and appeals processing reforms in recent years, it has too often been hard for VA's economic opportunity (EO) programs to compete for adequate funding, specialized resources, and other prioritization. For example, while VBA has boosted resources to support the modernization and streamlining of the claims and appeals process for the past several years, other important programs such as VR&E have actually seen a stagnation of resources and oversight. Between 2014 and 2018, VR&E participation

increased by approximately 17 percent while the funding rose less than two percent.

We understand that this type of transformation needs to be done carefully, and there are a few concerns that still need to be addressed. We question the need to place an arbitrary cap on staffing for the new VEOTA in the legislation. In recent years, the IBVSOs have often joined other advocates calling for an increase in the staffing levels of the VR&E service to help achieve the 1:125 counselor-to-client ratio mandated by Congress. While the bill's FTE cap of 23,692 may be sufficient, we believe staffing and funding requests should be based on need, not arbitrary caps.

We understand that VA remains opposed to this legislation. However, given the recent management and oversight issues involving implementation of the Forever GI Bill, and VR&E IT management, we believe the creation of the VEOTA could strengthen VA's oversight of EO programs. In addition, there still remain unanswered questions about how VA should reorganize the new VEOTA in order to maximize resource sharing between employees at VA Regional Offices, minimize duplication of services and management, and ensure clear lines of authority and oversight. We would recommend that VA be required to put forward a comprehensive organizational and operations plan, with measurable milestones, prior to the changeover in order to ensure a smooth transition.

### **Department of Labor Veterans' Employment and Training Service (VETS)**

The Department of Labor Veterans' Employment and Training Service (VETS) prepares transitioning service members for civilian careers through the TAP employment workshops. More than 6,000 workshops are conducted each fiscal year and VETS works closely with the DOD, VA, and other stakeholders to help meet the employment needs of transitioning service members and their spouses. TAP employment workshops are provided on military installations, both domestically and abroad, and are facilitated by an all-contract staff. If fully funded, VETS plans to deliver services to approximately 150,000 transitioning service members and spouses in FY2020 — a rate that is expected to remain fairly constant for several years.

FY 2020 will be the first full year implementing changes to TAP enacted in the FY 2019 National Defense Authorization Act, and extra resources were requested in both TAP and federal administration budgets to oversee these improvements. The additional funding would enhance the quality of employment support services for transitioning service members, with a focus on improved outcomes. It also allows VETS to develop and implement a course curriculum to help military spouses which, in turn, would help reduce the number of military families that are at risk for homelessness. At a minimum, Congress should fund DOL's FY2020 request of \$29,379,000 for the VETS program, but additional resources may be warranted upon closer examination of the program and its planned expansion projects.

Many veterans who served honorably and were discharged in good health, later acquire significant disabilities. As a consequence, eligible veterans qualify for the VA nonservice-connected pension. VA pension is often likened to Supplemental Security Income (SSI) under Social Security. However, SSI recipients have access to a work incentive program whereby their public benefit is gradually reduced as their earned income rises. Unlike SSI recipients, VA pensioners face a “cash cliff” in which benefits are terminated once an individual crosses an established earnings limit. Because of a modest work record, many of these veterans or their surviving spouses may also receive a small Social Security Disability Insurance (SSDI) benefit that supplements their VA pension. If these individuals attempt to return to the workforce, not only is their SSDI benefit terminated, but their VA pension benefits are reduced dollar for dollar by their earnings.

In 1984, under Public Law 98–543, Congress authorized VA to establish a four-year pilot program of vocational training for veterans awarded a VA pension. Modeled on the Social Security Administration’s trial work period, veterans in the pilot program were allowed to retain eligibility for VA pension up to 12 months after obtaining employment. Also, they remained eligible for VA health care up to three years after their pension terminated because of employment. The pilot program ran from 1985 to 1989, and achieved some modest success. However, the pilot was discontinued before VA implemented eligibility reform, because most catastrophically disabled veterans were reluctant to risk their access to VA health care by working. The VA Office of Policy, Planning, and Preparedness examined the VA pension program in 2002 and, though small in number, seven percent of unemployed veterans on a pension and nine percent of veteran spouses on a pension cited the dollar-for-dollar reduction in VA pension benefits as a disincentive to work. Now that veterans with catastrophic nonservice-connected disabilities retain access to VA health care, loss of access to medical care is no longer an impediment to work, but the VA pension cash cliff remains a barrier. Congress should reexamine work disincentives in the VA pension program, and policies toward earnings should be changed to parallel those in the SSI program.

### **Proposed Legislation**

Finally the IBVSOs would like to address some of the proposed legislation from VA contained within this year’s budget request.

VA is proposing to expand the scope of VA’s EUL authority to include projects that provide supportive housing, and projects that provide services and/or mixed uses, which incorporate other important benefits to veterans. The IBVSOs support expansion of EUL in any substantive efforts to curb the homeless veterans issue facing far too many of our brothers and sisters. Expanding VA’s EUL authority to allow for redevelopment of other types of facilities will allow VA to attract private financing to address its infrastructure



needs.

VA is seeking to amend title 38 U.S.C. § 3699 to extend the restoration of entitlement to educational assistance for veterans affected by school closure or disapproval, implemented by section 109 of the *Howard W. Colmery Veterans Educational Assistance Act of 2017* (Forever GI Bill), to apply to vocational rehabilitation programs provided under chapter 31. The IBVSOs believe any veteran affected by sudden school closures should have their benefits restored, and supports the inclusion of Chapter 31 benefits to section 109 of the Forever GI Bill.

Lastly, the IBVSOs strongly oppose all legislative proposals included in the budget that would reduce benefits to veterans that were earned through their service. The round down of the cost of living adjustment for five years proposal is a not an acceptable option. Veterans earn their benefits from years of service to our nation, and decreasing those benefits to balance a budget is a proposal that the IBVSOs oppose. The federal budget should not seek financial savings at the expense of benefits earned by veterans and their families.

Mr. Chairman, this concludes our testimony. Again, the IBVSOs thank you and the Ranking Member for the opportunity to testify on these important issues before this subcommittee. We are prepared to take any questions you or the subcommittee members may have.