



COMMITTEE *on* APPROPRIATIONS

CHAIRWOMAN BARBARA A. MIKULSKI

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Contact: Vince Morris w/Appropriations: (202) 224-7363
Johnson Press Office: (202) 224-1638

SUMMARY

MILITARY CONSTRUCTION AND VETERANS AFFAIRS, AND RELATED AGENCIES FISCAL YEAR 2015 APPROPRIATIONS BILL

Full Committee Mark: May 22, 2014

The subcommittee bill provides total funding of \$165.4 billion for Military Construction, Veterans Affairs and Related Agencies for fiscal year 2015. (This figure includes \$55.6 billion in previously appropriated advances for veterans medical care.) The bill provides \$71.9 billion in discretionary funding and \$93.5 billion in mandatory funding. The bill also includes \$58.7 billion in fiscal year 2016 advance appropriations for veterans medical services.

U.S. Senator Tim Johnson (D-SD), Chairman of the Military Construction, Veterans Affairs, and Related Agencies Subcommittee, said:

“Moving this bill to the head of the line sends a strong signal to our Nation’s veterans, and to our military troops and their families, that their health and well-being is a top priority of this Committee. At a time when the VA is being rocked by turmoil over allegations of secret wait lists at hospitals, on top of ongoing challenges to eliminate the claims processing backlog, Congress must move quickly to provide the leadership, resources, oversight and accountability needed to assure that veterans are receiving the timely and quality health care and benefits they deserve. This bill addresses those and other urgent requirements through targeted funding increases, reforms, and oversight measures.”

“I remain committed to ensuring that no veteran is denied the care and benefits to which he or she is entitled. Let me be clear, the Committee has zero tolerance of any attempt to delay or deny care to veterans by concealing scheduling delays. Doctoring the books to make a hospital look good cannot and will not be allowed to take precedence over doctoring the patients. Given the growing concern that these practices may not be isolated incidents, the bill provides additional funding and direction for the VA Inspector General to conduct a nationwide investigation of VA scheduling practices and freezes performance bonuses for senior Veterans Health Administration employees until the investigation is complete and reforms have been implemented.”

U.S. Senator Barbara A Mikulski (D-Md.), Chairwoman of the Appropriations Committee, issued the following statement:

“I want to commend Senators Johnson and Kirk for working together on this bipartisan bill that is so important to our Nation. This bill funds essential programs for America’s veterans as well as our troops and their families. In this time of turmoil at the VA, it is more important than ever that we provide both the resources the VA needs to serve our veterans and the tools Congress needs to strengthen oversight and accountability of the Agency. I am pleased that we make large strides in this bill and build on reforms initiated by the Committee last year to reduce backlogs in veterans’ benefit claims, but we can’t stop there because our military members and veterans deserve the very best. This bill includes an additional \$30 million for the training and hiring of additional claims processors as well as \$10 million for hardware upgrades at regional offices. It also addresses the unique health care our veterans need and deserve including funding for women specific health care, mental health care and treatment for homeless veterans. During a time of tight budgets, we need to ensure that we do not lose sight of taking care of our uniformed men and women as well as their families.”

Bill Summary

The Military Construction, Veterans Affairs (VA) and Related Agencies Appropriations Bill provides funding for the construction of mission critical and quality of life facilities for U.S. military personnel and their families serving around the world, including schools, hospitals, child care centers and family housing. The bill also provides funding for veterans medical care and benefits, and for VA facilities throughout the country. The Related Agencies funded in the bill include Arlington National Cemetery, The American Battle Monuments Commission, the U.S. Court of Appeals for Veterans Claims, and the Armed Forces Retirement Homes.

Major Initiatives

VA Patient Scheduling

In response to allegations of misconduct at certain VA medical centers in an effort to conceal patient scheduling delays by keeping secret wait lists, and the recognition that such practices may not be isolated incidents, the bill provides an additional \$5 million above the budget request for the Office of Inspector General to conduct a nationwide investigation throughout all Veterans Integrated Service Networks of scheduling practices and procedures. The bill also prohibits the payment of performance bonuses to Veterans Health Administration (VHA) medical directors, assistant medical directors and Senior Executive System employees until the investigation is completed and reforms have been instituted.

VA Claims Processing

Building on the 10-point claims processing initiative included in the FY 2014 Military Construction and Veterans Affairs Appropriations Act, this bill includes additional funding and oversight provisions to continue the VA’s claims processing surge effort until the current backlog is eliminated. Importantly, the bill further augments these efforts by putting into place a plan for workplace management reforms that ensure the long term stability, accuracy, and timely

disposition of veterans' disability claims. To enhance oversight and reform of the claims processing system, the bill directs the Veterans Benefits Administration (VBA) to:

- submit a quarterly Report Card to the Committee on the status of each of the projects that are part of the Veterans Benefits Management System (VBMS) claims processing;
- provide the Committee with a workforce analysis by Regional Office to define a long term strategic hiring strategy; and
- contact via email all veterans who enroll in the VBA eBenefits electronic claims processing website on to how to file a fully developed claim.

To expedite claims processing, the Committee adds \$30 million to hire additional claims personnel at VBA Regional Offices. Additionally, the Committee includes \$10 million above the President's request for hardware upgrades at Regional Offices to ensure that the VA rapidly transforms from a paper-based claims processing system to one that uses modern technology and that VBMS can be used in the field.

Now is the time for the VBA to plan strategically and position itself for the future. The Committee requires the VA to work with the congressionally chartered National Academy of Public Administration (NAPA) to ensure that VA develops and implements business practices that prevent the occurrence of a future backlog. The Committee requires the NAPA review to assess, identify or propose:

- VA's current progress in reducing the backlog and preparation for future claims processing;
- VA's current business processes and management structures, and specific changes that need to be made to accommodate increasing claim complexity;
- specific procedures that must transform as VBA migrates to an electronic, paperless environment;
- future circumstances that could precipitate another backlog; and
- mitigation strategies, including short, medium, and long-term, that VA should utilize to reduce the backlog while improving service.

To streamline the cumbersome claims appeals process, the Committee requires the Secretary to provide a strategic plan that details how the Board of Veterans Appeals (BVA) plans to improve the timeliness and accuracy of appellate decisions. In an effort to avert trading a claims backlog for an appeals backlog, the bill includes \$5 million over the request for the BVA to provide additional manpower to speed the appeals process and adds \$3 million over the request for similar staffing augmentation for the U.S. Court of Appeals for Veterans Claims.

Joint VA-DOD Electronic Health Record Project

Recognizing the importance of providing the necessary resources and maintaining vigilance over the development of a joint VA-DOD Electronic Health Record (EHR) system, the bill includes funding and oversight controls to ensure that interoperability will remain the focus of efforts within both VA and DOD to modernize and streamline their respective electronic health record systems. The bill provides \$326.4 million to modernize VA's EHR system and to continue the

development of a fully interoperable VA-DOD electronic health record. In addition, the bill continues to fence 75 percent of the EHR funding for VA's modernization effort until VA establishes and transmits to Congress a coherent governance structure for the modernization and interoperability of its EHR program. To maintain oversight of the efforts both agencies are making to ensure interoperability, VA and DOD are required to provide the Federal Chief Information Officer a monthly progress report on EHR interoperability, and to provide the Committee quarterly briefings on the status of EHR interoperability issues.

VA Infrastructure Investment

The bill includes an additional \$125 million above the request for infrastructure investment to address critical sustainment, maintenance and restoration requirements at VA medical facilities as well as authorizes the Secretary to transfer up to \$250 million from medical care third-party collections into facility maintenance. In addition, the bill provides \$45 million over the request for urgent minor construction projects at hospitals across the country. Medical care facility maintenance and construction are of paramount importance in achieving VA's mission to deliver world-class health care to the Nation's veterans. Ignoring or deferring wise infrastructure investments today can cause costs to escalate tomorrow, potentially driving policy decisions over how care is to be delivered in the future. The VA's current Facility Condition Assessment estimates a staggering requirement of approximately \$10 billion to address the total cost of facility infrastructure deficiencies across the Veterans Health Administration system. Yet the FY 2015 budget request to address these deficiencies is only \$460 million, barely half the amount requested only two years ago.

Military Construction Quality of Life and Unfunded Requirements Initiatives

The bill provides additional funding for military construction quality of life and unfunded requirements initiatives to offset steep reductions in the fiscal year 2015 budget request. The fiscal year 2015 request is 40 percent below the fiscal year 2014 request, and is targeted almost exclusively toward new mission and life, safety, and health related military construction. The Committee recognizes the importance of funding these priorities, but notes that military construction is often the go-to bill payer when Defense budgets are constrained. As a result, many meritorious projects are deferred, sometimes indefinitely. Quality of life projects, such as troop housing, child care centers, and troop and family physical fitness centers are often the first to be deferred. As demonstrated by the scandals over the deplorable conditions at the Fort Bragg, North Carolina, and Walter Reed Army Medical Center troop housing facilities several years ago, the consequences of deferring quality of life projects can be disastrous. Therefore, the bill includes additional funding to address priority quality of life requirements as well as other unfunded military construction priorities. Funding for these initiatives is derived from incremental funding of current projects, prior year bid savings, cancellation of prior year projects, and prior year projects that cannot or will not be executed. No funding was diverted from fiscal year 2015 readiness or life, safety, and health projects to fund these initiatives.

Title I – Military Construction and Family Housing

The bill provides \$6.559 billion for military construction and family housing, \$3.25 billion below the fiscal year 2014 enacted level.

Highlights

Active component military construction: \$4.3 billion to fund military mission-critical construction projects worldwide. The recommendation is \$2.9 billion below the fiscal year 2014 enacted level. The Committee believes that military construction and infrastructure investments are key components of readiness. The bill funds the projects requested by the Department of Defense, and adds additional funds for military quality of life projects.

Reserve component military construction: \$426.5 million for readiness centers, training facilities and related military construction necessary for the training and administration of the Guard and reserve components. This is equal to the budget request and \$239 million below fiscal year 2014 enacted. After a decade of war and in the midst of declining defense budgets as well as shrinking active duty force strength, Guard and reserve components will play an increasing role in national defense readiness. This bill funds Guard and reserve centers as well as associated infrastructure such as hangars and training buildings.

Family Housing: \$1.19 billion for family housing construction and privatization projects, \$325 million below fiscal year 2014 enacted.

Base Realignment and Closure (BRAC): \$380 million for the Department of Defense Base Closure Fund. Currently there is a \$2.9 billion backlog in the cleanup of military sites closed during the 1990 and 2005 BRAC rounds. Accordingly, the funding is \$110 million above the request to expedite environmental remediation at these former BRAC locations.

Military Quality of Life Initiative: \$315 million to fund unspecified Navy, Air Force and Air Force Reserve quality-of-life projects included in the FY 2015 Opportunity, Growth, and Security Initiative. The bill provides an additional \$60 million for Army quality-of-life projects and \$90 million for unfunded requirements of the Army National Guard and Reserve.

NATO Security Investment Program (NSIP): \$199.7 million as requested to fund the U.S. share of joint U.S.-NATO military facilities, equal to fiscal year 2014 enacted.

Chemical Demilitarization Construction: \$38.7 million as requested, \$83.8 million below fiscal year 2014 enacted.

Energy Conservation Investment Program (ECIP): \$150 million as requested for projects to improve energy efficiency and reduce greenhouse gas production on military installations. In an era of declining defense budgets and in an environment in which energy efficiency, security and renewable energy investments are mission-critical requirements, projects such as energy security microgrids, net-zero facilities and renewable energy projects have the potential to offer long-term pay-back that far exceeds initial investment.

Title II -- Department of Veterans Affairs

The bill provides \$158.6 billion for the Department of Veterans Affairs (VA) for fiscal year 2015. The total includes \$93.5 billion for mandatory programs, equal to the request and \$8.8

billion above fiscal year 2014 enacted. For VA discretionary funding the bill provides \$65.1 billion (this figure includes \$55.6 billion in previously appropriated advances for veterans medical care), \$1.85 billion above fiscal year 2014 enacted. The bill also includes \$58.7 billion in advance appropriations for Fiscal Year 2016 VA medical care.

Highlights

Rural Health: Building on the Rural Health Initiative launched by the Committee in fiscal year 2009 to close gaps in VA service in rural and remote areas, the bill provides \$250 million as requested. This money will help provide telehealth and mobile clinics for veterans in rural and highly rural areas, including Native American populations. Veterans in rural areas represent approximately 36 percent of the enrolled VA population and approximately 30 percent of veterans who served in Iraq and Afghanistan. The mission of the Rural Health Initiative is to support veterans by researching and field-testing innovative approaches to the delivery of health care in rural areas, including mobile clinics and telehealth services.

Homeless Veterans Programs: \$7.42 billion for health care and support services for homeless veterans. This includes \$1.64 billion in direct programs to assist homeless veterans, including \$374 million for the Department of Housing and Urban Development and VA's Supportive Housing (HUD-VASH) program (at the end of 2014 VA projects more than 52,000 total veterans will be housed through the HUD-VASH program) and \$253 million for the Homeless Grant Per Diem Program. The 2013 point-in-time count prepared by the Department of Housing and Urban Development (HUD) estimated that there were 57,849 homeless veterans in the U.S. on a single night in January 2013. While a single homeless veteran is one too many, homelessness among veterans has declined 24 percent between 2009 and 2013. The total number of veterans served in VHA programs for homeless or at risk veterans in fiscal year 2013 was over 240,000, a 16 percent increase over 2012.

Iraq and Afghanistan Veterans: \$4.2 billion as requested to meet the health care needs of veterans who have served in Iraq and Afghanistan, a \$500 million increase over the current estimate for fiscal year 2014. The VA estimates that the number of OEF/OIF veterans in its health care system will reach 757,674 in 2015. This funding includes medical treatment associated with combat-related injuries, including Traumatic Brain Injury (TBI) and Post-Traumatic Stress Disorder (PTSD).

Women Veterans Programs: The recommendation includes \$4.9 billion to provide healthcare for women veterans, including \$403 million in gender specific health care to meet the unique needs of female veterans.

Medical and Prosthetic Research: \$589 million, equal to the budget request, for research in a number of areas, including mental health, TBI, spinal cord injury, burn injury, polytrauma injuries and sensory loss.

Long Term Care: \$7.04 billion for long term care for the Nation's aging veterans as well as severely wounded combat veterans from the wars in Iraq and Afghanistan. The funding includes

both institutional and home-based care programs. The bill provides \$100 million for grants for the construction of State extended care facilities, \$20 million over the request.

Information Technology (IT): \$3.9 billion to support the VA's IT needs, this is \$10 million over the request. Funding includes \$326.4 million for modernization of the VA's electronic health record and development of interoperability between the VA and DOD; and \$137 million for the Veterans Benefits Management System (VBMS) paperless claims systems. To continue to modernize the VA IT infrastructure the bill includes an additional \$10 million for hardware upgrades at local VBA Regional Offices

Office of Inspector General (IG): The bill includes \$126.4 million for the IG's office. This is \$5 million over the President's request and \$5 million over the fiscal year 2014 enacted level. The recommendation includes the additional resources for the IG to conduct an investigation throughout the entire Veterans Integrated Service Networks (VISN) of scheduling practices and procedures.

Board of Veterans Appeals (BVA): The recommendation includes \$99.3 million for the BVA, an increase of \$5 million over the budget request and \$11 million over FY 2014. The VA projects that appeals received by the BVA will increase by 52 percent, from 47,763 in FY 2011 to 72,786 by the end of FY 2015. This funding will increase manpower resources to expedite the appeals process.

Title III – Related Agencies

American Battle Monuments Commission (ABMC): \$75.2 million, \$3.2 million over the request, to support the operations and activities of the ABMC. The additional funding is to address urgent maintenance and repair requirements at America's World War I and World War II cemeteries overseas and for an ongoing assessment of Clark Veterans Cemetery at Manila, Philippines.

U.S. Court of Appeals for Veterans Claims: \$34.4 million, \$3 million above the budget request to address expected increases to the court's docket stemming from appealed claims.

Arlington National Cemetery (ANC): \$65.8 million for operations, \$20 million above the request and equal to the fiscal year 2014 enacted level. The subcommittee included the additional \$20 million for operational, maintenance and repair projects at ANC that the Administration has proposed to fund through the Army Operation and Maintenance account.

Armed Forces Retirement Home: \$63.4 million for operations, maintenance and capital investments. This is equal to the budget request.

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