

TESTIMONY OF

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PRESIDENT

NATIONAL ASSOCIATION  
OF  
STATE DIRECTORS OF VETERANS AFFAIRS

BEFORE THE JOINT HEARING  
OF THE  
HOUSE AND SENATE VETERANS AFFAIRS COMMITTEES

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Mr. Chairman, Committee members, as President of the National Association of State Directors of Veterans Affairs (NASDVA) I thank you for the opportunity to testify and present the views of our veterans directors in the states, commonwealths, and territories. This testimony is also coordinated with the National Association of State Veterans Homes and the National County Veterans Service Officer Association. These organizations are working together with ours so we may present you with a combined perspective of the important role of state and local government in serving our nation's veterans. We are also working with the National Governors Association (NGA) to update their veterans policy agenda adopted in 2000.

We would first like to commend the House Committee for the strong bipartisan position taken last week to boost funding for VA health care in the 2003 budget to a total increase of \$3.2 billion. I can assure you that funding for health care is something that we, at the grass roots hear about every day from veterans throughout the nation. The VA Community Based Outpatient Clinics are a huge success but we are hearing cries of concern and sometimes panic over rumored changes in policy due to funding shortfalls. We are on the front lines every day with the troops and bear the brunt of their frustrations and anxiety.

The rumor mill today is out of control. The reality is that VA Medical Center directors are unsure from year to year and even within fiscal years of how many or which veterans will be served because they don't know how much funding will be available. They are reacting to a constant process of VISN budget adjustments and "what if" scenarios that force directors to plan for cuts or decrements. This builds daily uncertainty among their staffs and our veterans. Once veterans are enrolled they don't know when they will have an appointment, whether they may be frozen by enrollment caps because they haven't yet been seen, whether they will be dropped because of their income, or whether they will be assessed a deductible payment that they cannot afford. There are other rumors that planned community clinics will not open and that even existing clinics may be closed. My colleagues and I are answering calls and letters on these issues every day and I suspect many of you are as well. Because we are directly accountable to veterans in our state, they expect us to have answers to these questions.

The rumors are the direct result of budget uncertainty and we believe that there are two measures that are vital to steady the VHA budget. One is to agree upon a method for determining the total funding required to support the VA health care system and the other is to create a mechanism for stabilizing funding from year to year. That is why we strongly urge in the second place, a new level of effort and urgency to enable Medicare payments to come to the VA system for eligible veterans, especially those who are not service connected for disability. We believe a plan can be enacted to do this in a win-win manner that can be positive rather than negative for the Medicare payment system and enable more veterans to receive care at less cost by using the VA system.

Another item in the 2003 budget that deserves mention is funding for the State Veterans Home Construction Grant Program. The NASDVA recommends a funding level of \$125 million, an increase of \$25 million over the administration's request. We estimate this level is needed to fully fund projects that have state matching funds committed. In these times of very challenged state budgets, we are threatened with losing state support for projects that have been on hold for two or three years. The State Veterans Home Program is the largest and most successful example of VA partnership with state government and we look forward to its continued improvement. We are happy to report that the implementation of Adult Day Health Care (ADHC) services has begun at state homes and will be a major enhancement to the long-term care continuum.

We want to express our thanks today for your support, effort and commitment to enact new legislation to aid homeless veterans. The passage of the Homeless Veterans Comprehensive Assistance Act is a major accomplishment toward our common goal of ending homelessness among veterans. We also commend your successful effort to increase tuition benefits, burial allowances, and disability payments. We do request that you give future consideration to grant the burial plot allowance to all veterans, not just those who served in wartime. We also think this allowance should be increased to \$500 for burials in state veterans' cemeteries where we are continuing to build and expand with VA funding but must bear all the costs of operation. Last year approximately 15% of all the interments in veterans' cemeteries were in state operated facilities. This partnership program is another major success story.

The proposal in the 2003 budget to transfer the Veterans Employment and Training Services from the US Department of Labor to the US Department of Veterans Affairs is one the State Directors of Veterans Affairs strongly support. We have voiced our concerns on this issue in previous testimony and want to say again today it makes no sense to us to continue to keep employment services separated from veterans benefits services in two different management systems in federal and state government. That is why we recommended a year ago that these assets be moved to the VA.

We urgently need community-based, one-stop shops for veterans' services that can counsel, guide and assist veterans in all aspects of their needs. This includes the need for more effective marketing and outreach to better inform the veterans population. Veterans seeking assistance with employment are often in need of other VA services to enhance their employability. These may be health related or may require vocational rehabilitation, training, schooling or other forms of guidance and assistance available through good benefits counseling. They may have service connected disabilities that have not been addressed. They may have pending claims actions or may need upgrades. All

of these systems should be integrated and we see no hope for this under the status quo.

We can accomplish this if we're given the tools and resources to make it happen. The proposed transfer is essential to make this concept work and it will enable the states to work, negotiate and coordinate with the VA to pull all the processes together. Fix full responsibility in the VA arena and we will work in partnership to effect the changes that are needed and that our veterans deserve.

Several of us have tried to implement these recommendations under current law and failed. I testified in September 2000 before the House Veterans Affairs Subcommittee on Oversight and Investigation to explain how we attempted to be innovative in Wisconsin but were denied authority by USDOL for the changes we proposed to make. We were even threatened with losing our state grant if we attempted to merge employment with veterans benefit services. Mr. Chairman, enough is enough. We do not see why any of the VETS program should remain at the DOL. We recommend moving it all.

Our association is extremely pleased with the effort of the VA Claims Processing Task Force and we support the recommendations contained in the October 2001 Report to the Secretary. We have fully engaged the Task Force recommendation to utilize Veterans Service Organizations (VSOs) effectively as an important part of resolving the claims processing issue.

We have begun meeting with Secretary Principi and his staff as well as the leadership of our National Service Organizations (NSOs) to determine how we can work together to improve the development phase of claims, most of which takes place before an application ever gets to a VA Regional Office.

Last year we testified about the wide variation from one state to another in the percentage of veterans with service connected disability ratings. These variances are a reflection in part of sharp contrasts in service officer resources and capabilities among the states. Chairman Smith asked us to provide data on what these differences look like and he also asked us to provide estimates of the size of expenditures being made by state and local government to provide veterans services and assistance. The data we have collected is interesting to say the least.

Twenty-seven of our states have county service officers. They currently comprise a total of approximately 2,000 county level service officers. In most cases, they are county employees paid by the counties. In many instances, the counties are partially subsidized with state funding. The effectiveness of the county service officer model is mixed. It appears to be working well in Texas where there are 236 counties and 1.7 million veterans. It's not working so well in California where there are only 58 counties and 2.3 million veterans. The

National Service Organizations have approximately 600 accredited service officers scattered among the states in both different mixes of organizations and numbers. In many cases they are also funded partially or in full by state government. The states have another 750 service officers who are located at VA Regional Offices and state field offices. They are present in states with and without county officers and again, 23 states have no county veterans offices. There are mixed results in these counties as well. Oklahoma and Illinois each have state service officers and no county officers. Oklahoma is higher in service connected benefits and Illinois is the lowest among the states. There are a total of approximately 3,000 veterans service officers among the states, counties, and service organizations.

It is important to note the VETS program also has approximately 3,000 employees that are funded entirely by the federal government solely for employment services. Meanwhile, state and local government, along with the National Service Organizations, are on their own providing the bulk of all the other benefits services and assistance counseling for veterans and receive no federal funding.

In terms of total expenditures by state and local government in direct services to veterans, the figure is over three billion dollars annually. When other benefits such as tax exemptions are added, this figure doubles. It is difficult to get an accurate estimate in other than direct services and the numbers we are providing today are likely conservative. The state of Texas alone reports three billion in property tax exemptions for veterans.

State and county governments are making a major contribution in support of our veterans and their families, as are the National Service Organizations. But, It is time we look together at how we can achieve better balances of effort among all of us, along with the VA, to achieve the goal of uniform service delivery to our veterans, regardless of where they live. We are submitting a written proposal to Secretary Principi that outlines a plan for doing this

The NASDVA sees the year 2003 as one of great opportunity. The Veterans Benefits Administration has new direction to solve the backlog of claims and we intend to help them. The Veterans Health Administration can breath new life with a new commitment from the Congress and the Administration to fully fund the health care system and include Medicare payments as an integral funding stream for the VA.

We thank you again for your strong dedication to support America's veterans and appreciate the opportunity to submit this testimony.