STATEMENT OF
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THE AMERICAN LEGION
TO THE
COMMITTEE ON BUDGET
UNITED STATES SENATE
ON THE
FY 2007 VIEWS AND ESTIMATES

FEBRUARY 2, 2006

Chairman Gregg and Members of the Committee:
As you and your colleagues begin deliberations on the FY 2007 Budget Resolution, The American Legion is submitting its views and estimates on behalf of 2.8 million Legionnaires, wartime veterans from World War I to the present. The American Legion is a resolution driven organization and its views and estimates stem from member-initiated resolutions.

The American Legion is deeply concerned that the budget resolution will once again inadequately fund programs and services critical to not only the veterans' community, but the nation as well. The American Legion's active involvement at the local community, state, and national programs provide first-hand experience in many areas directly impacted by the annual Federal budget. Any shortfalls in the Federal budget are normally passed on to the local and state communities to absorb. Frequently, it is community-based organizations, like The American Legion, that address these challenges through volunteer services or direct financial contributions.

The 1974 Congressional Budget Act requires that the annual budget resolution set forth budget-spending levels for each functional category of the budget. The budget resolution does not allocate funds among specific programs or accounts, but the major program assumptions underlying the functional amounts are often discussed in reports accompanying each resolution. Clearly, there are numerous areas of concern that are very important to The American Legion.

In the course of developing the budget resolution, the Budget Committees hold hearings, receive views and estimates from other committees, and obtain information from the Congressional Budget Office (CBO). Although not a congressional committee or a Federal entity, The American Legion -- the largest and fastest growing, Federally-chartered veterans' service organization -- is submitting its views and estimates in the following subject areas that affect the military, veterans and their families:

- Americanism
- Children and Youth
- Economics
- Foreign Relations
- National Security
- Veterans Affairs and Rehabilitation

AMERICANISM

Troops to Teachers
The American Legion supports the Department of Defense (DoD) program *Troops to Teachers* that was established in 1994 by the National Defense Authorization Act for FY 1993 and reauthorized FY 2000. The American Legion believes many veterans have the skills and education necessary to be a valuable resource to the nation's schools.

The American Legion also supports the concept of offering incentives and assistance to former U.S. service men and women who seek to obtain certification and employment as teachers. The hiring of veterans through the Troops to Teachers program addresses the critical shortages of teachers in this country, especially in the inner-city and rural communities.

The American Legion recommends an increase in maximum Federal assistance to applicants from $10,000 to $12,500. This would provide $5,000 to help participants earn their teacher certification plus they would be eligible to receive an additional $7,500 bonus to teach in schools serving a high percentage of students from low income families.

To accomplish the above, The American Legion recommends no less than $20 million be allocated for the educational stipends/assistance. This does not include the additional funding required to manage the Troops to Teachers program by the Defense Activity for Non-Traditional Education Support (DANTES).

Border Security, Immigration and Naturalization
The American Legion is strongly opposed to illegal immigration and forms of amnesty that would award citizenship or benefits of any kind to individuals entering this country illegally. The American Legion supports substantial penalties for employers who knowingly hire illegal aliens.

The American Legion is deeply concerned about threats to the nation because of its porous borders. Issues deemed threatening because of the illegal entry of individuals into the United States include the introduction of contagious disease, financial hardship created because of medical and education benefits for illegal, criminal and terrorism activities.

The American Legion calls upon Congress to provide enforcement agencies with the necessary resources to secure the nation's borders, to include the use of military personnel and equipment. The American Legion encourages Federal agencies, tasked with the enforcement of immigration laws and border security, to work with state and local law enforcement agencies to apprehend immigration violators.

The American Legion believes that standards for naturalization must be upheld and maintained. Applicants for U.S. citizenship should possess a reasonable degree of proficiency and understanding of the English language, and the history and government of the United States. The American Legion encourages Congress and the Administration to include and adequately fund an office in the Department of Homeland Security that oversees an aggressive program of citizenship and government education for immigrants who are applying for permanent residency

and/or citizenship.

CHILDREN AND YOUTH

The American Legion recognizes the future rests in the hearts and minds of children. Each child represents a building block for the next generation of Americans.

In 1925, The American Legion adopted the "Whole Child" plan. This plan provides that "every child should have a home, health, education, character and opportunity." Its foundation is based on three principles:

- To strengthen the family unit.
- To extend support to sound organizations that provides services to children and youth.
- To maintain a well-rounded program that meets the needs of today's young people.

The American Legion believes that all young people should be afforded every opportunity to develop and to realize their full potential. Toward this end, we would call your attention to the following areas:

National School Lunch Program

Since 1941, The American Legion continues to support programs of nutrition for children, including the National School Lunch Program. This Federally-assisted meal program operates in more than 99,000 public and non-profit private schools and residential child care institutions, providing nutritionally balanced, low-cost or free lunches to more than 25 million children each school day.

The importance of this nutrition assistance program is underscored by these facts:

- A poor diet is a significant factor in 4 of the 10 leading causes of death in the United States – coronary heart disease, cancer, hypertension and stroke; and diabetes.
- Poor nutrition and lack of physical activity account for 300,000 deaths per year.
- The economic cost of poor nutrition accounts for at least $200 billion per year in medical costs and lost productivity.
- Participation in school feeding programs leads to improved educational outcomes.

There continues to be expressions of concern by health authorities and various national organizations with an interest in the status of proper nutrition among young people. A USDA analysis of the 1994-96 Continuing Survey of Food Intakes for Individuals (CSFII) noted these alarming trends in children's eating patterns.

Only 2 percent of school-aged children meet the Food Guide Pyramid serving recommendations for all five major food groups:

- Girls, ages 14 to 18, have especially low intakes of fruits and dairy products.
- More than two-thirds of females, ages 14 to 18, exceed the recommendations for intake of total fat and saturated fat, but even greater percentages of children exceed these recommendations among the other age/gender groups.

- Children's diets are high in added sugars. For all children, added sugars – including sugars used as ingredients in processed foods or added to foods as they are consumed – contribute an average of 20 percent of total food energy.
- Children are heavy consumers of regular or diet soda. Overall, 56 to 85 percent of children (depending on age and gender) consume soda on any given day. Teenage males are especially heavy consumers of soda, with over a third consuming more than three servings a day.
- All of the age/gender groups experienced a shift from milk products to soda and fruit drinks. The decrease in milk consumption tended to be larger for females than for males.

These trends have contributed to some serious diet-related health concerns:

- The prevalence of overweight among youth ages 5 – 17 years in the U.S. has more than doubled in the past 30 years; most of the increase has occurred since the late 1970s. Current evidence suggests that childhood overweight and obesity continue into adulthood.
- One of the most serious aspects of overweight and obesity in children is Type II diabetes. Type II diabetes accounted for 2 to 4 percent of all childhood diabetes before 1992, but skyrocketed to 16 percent by 1994. Overweight adolescents are more likely to become overweight adults, with increased risk for developing heart disease and stroke, gallbladder disease, arthritis, and endometrial, breast, prostate and colon cancers.
- Failure to meet calcium requirements in childhood can hinder the achievement of maximal skeletal growth and bone mineralization. Getting enough calcium in the diet during childhood, adolescence, and young adulthood, to reduce the risk for osteoporosis later in life is particularly important for females.

Nutrition clearly has a major impact on children – on their health, their ability to learn and on their potential for becoming healthy and productive adults. School meals make an important contribution to the nutrition of school-aged children. The School Nutrition Dietary Assessment Study-II indicates that reimbursable meals selected by students exceeds the Recommended Dietary Allowances (RDA) standards for key nutrients.

According to the USDA analysis of the 1994-96 CSFII data:

- National School Lunch Program (NSLP) participation is associated with higher average intakes of many nutrients, both at lunch and over 24 hours.
- NSLP participants have substantially lower intakes of added sugars than do non-participants.
- NSLP participants are more likely than non-participants to consume vegetables, milk and milk products, and meat and other protein-rich foods, both at lunch and over 24 hours; they also consume less soda and/fruit drinks.

Federal nutrition assistance programs have a critical role to play in promoting health and preventing diet-related health problems by ensuring access to nutritious food to those who need it, and by promoting better diets and physical activity through nutrition education and promotion to program participants.

The American Legion urges the Congress to appropriate $10.8 billion for school nutrition programs to reflect the increased cost of food and to provide for needed facilities and trained personnel for the purpose of conducting an adequate school lunch program.

Drug Trafficking

Recent statistics about a reduction in drug abuse in America are encouraging. Results from the annual *Monitoring the Future Survey*, released December 16, 2002, indicate that the proportion of 8th and 10th graders reporting the use of any illicit drug in the prior 12 months declined significantly from 2001 to 2002. According to John P. Walters, director of the White House Office of National Drug Control Policy, "Teen drug use is once again headed in the right direction – down. This survey confirms that our drug prevention efforts are working and that when we work together and push back, the drug problem gets smaller."

However, though drug use among the nation's 8th, 10th and 12th graders has decreased, it nevertheless is at levels that are close to record highs. More than 50 percent of high school seniors experimented with illegal drugs at least once prior to graduation. And, during the month prior to the survey, 25 percent of seniors used illegal drugs, and 48 percent reported being drunk at least once. Drug use among young people has hovered at unacceptably high levels for most of the past decade.

The American Legion continues its involvement with the war on drugs since its 1924 National Convention, when it observed "the growing evil and great menace of the illegal use of narcotics among the people of our nation, including many children of high school age," and urged "all agencies in the nation to spend every effort to correct the great evil of narcotic peddling and smuggling." In 1938, The American Legion promoted a program to educate the public to the dangers youth face from the use of marijuana and to amend the Uniform State Narcotic Act in accordance with the Federal Act in regard to this drug.

In June 1950, then National Commander Erle Cocke Jr., appointed a Special Narcotics Committee which held a three-day clinic in New York and received expert advice from many of the nation's leading authorities in the field of narcotics. As a result, a 14-point program was drawn up and duly adopted at The American Legion's 33rd National Convention in 1951.

Some of the recommendations included are as follows:

- The Economic and Social Council of the United States arrange as soon as possible an international conference to approve the protocol to limit the production of opium to medical and scientific needs.
- The prevention of smuggling is made a mandatory function.
- State legislatures enact similar legislation patterned after the laws adopted in Tennessee, West Virginia, New Jersey and Maryland. The American Legion further recommended that mandatory minimum sentence provisions be made a uniform amendment to the Uniform Narcotics Act now in effect in 42 states, and that such uniform amendment also emphasize the fact that illegal possession should itself be a crime.
- Congress improves hospital accommodations for the U.S. Public Health Service.

- States and cities provide hospital facilities for the cure as well as treatment of drug addicts.
- States increase the force of narcotic enforcement agents and that city police departments establish adequate narcotic squads (municipal squads should be patterned after the effective unit in Los Angeles).
- Provide for dissemination of information relative to dangers of illicit drug use.

The American Legion continues to believe that cooperative volunteer efforts in the war on drugs at the community level have a greater chance for effectiveness and survival. For over 50 years, The American Legion promotes and distributes educational and prevention literature concerning the national issue of drug abuse through its Posts, to the schools and other community-based youth organizations. During the years of 1970 to 2001, for example, over 4,025,372 pieces of drug abuse information were distributed. The American Legion's primary approach has always stressed prevention through education. The American Legion believes that to make any real advances, the nation must curtail the demand. While interdicting the supply is important, it is obvious, we will never catch the majority of substances that cross the nation's borders. The supply will only decrease when the demand declines.

The problems with drugs and drug abuse have surpassed epidemic proportions and have become increasingly complex, affecting all facets of life within America. Youth of this nation are pressured on many fronts to experiment with or possibly become a regular user of various drugs. Drug use among today's teenagers threatens to reverberate for years to come in areas as disparate as crime rates, the success of the nation's colleges, the productivity of the industrial base, and cohesiveness of families.

The individual consequences of drug use can be deadly is now well accepted. But the consequences for society are no less serious. Democracies can flourish only when their citizens value freedom and embrace personal responsibility. Drug use erodes the individual's capacity to pursue both ideals. In the words of President Bush, "We must reduce drug use for one great moral reason: Over time, drugs rob men, women, and children of their dignity and of their character. Illegal drugs are the enemies of ambition and hope. When we fight against drugs, we fight for the souls of fellow Americans."

According to the National Drug Control Strategy (2002): "Reduced to its barest essentials, drug control policy has just two elements: modifying individual behavior to discourage and reduce drug use and addiction, and disrupting the market for illegal drugs. Those two elements are mutually reinforcing."

The American Legion issued a General Drug Abuse Statement that reads: *"The American Legion is urged at all levels to join the battle against drug abuse as it affects our nation's young people. That to the extent possible, we will work with the Congress, state legislators and state and federal agencies when, as an organization, The American Legion believes changes or additions to our laws or government policies is desirable. Those accessible programs are designed to avoid scare tactics, emotionalism, and over-simplification of a most complex national problem. And lastly, that drugs and drug abuse must be attacked as a whole, which*

includes international relations, law enforcement, education, judicial reform, research, treatment and rehabilitation."

Drug abuse is not a problem that government or civic and youth organizations can cure on their own. They are all-important pieces of the process, but the message is useless if young children at the elementary and junior high school levels do not receive it. This is the battleground that will ultimately determine success or failure. Literature, media messages and alternative activities must all be instrumental if we are to succeed.

These alternative avenues to the family cell are necessary because family is no longer the deterrent it has been in the past. The family is becoming an endangered species with single parent homes becoming commonplace in all communities. The American Legion sincerely encourages Congress and all government drug agencies, including the Office of National Drug Control Policy, to seek out and be receptive to suggested ideas that can assist state, local and organizational efforts to get positive alternatives in communities that will target young people.

In addition to these viable alternatives for America's youth, the government needs to continue in its efforts to improve the effectiveness of law enforcement to stop the flow of drugs into the United States, to include the continued use of active military, Reserve and National Guard forces.

The American Legion believes the illegal trafficking of drugs into the United States is one of the greatest threats to the welfare and safety of American citizens, particularly its youth. Enemies of this nation and its way of life can destroy the U.S. from within by debilitating our most precious resources for the future, our children.

The American Legion urges Congress to appropriate $1.58 billion for the Drug Enforcement Administration; $900 million for DoD; and $947 million for the Foreign Operations and Export Financing to be used to continue to concentrate on drug trafficking and interdiction efforts. Additionally, The American Legion urges both the President and Congress to fully support all border, state, Federal and military drug prevention programs through which children and youth might secure a more stable and healthy future.

Office of Juvenile Justice and Delinquency Prevention

The clearance data in the *Crime in the United States* series show that the proportion of violent crimes attributed to juveniles by law enforcement has declined in recent years. The proportion of violent crimes cleared by juvenile arrests grew from about 9 percent in the late 1980s to 14 percent in 1994 and then declined to 12 percent in 2002.

While these statistics are encouraging, the nation must not become complacent about the continuing need to combat delinquency and violent juvenile crime. The country's juvenile justice system now faces a host of new challenges – drug dependency, underage drinking, child maltreatment, online sexual exploitation of children, youth gangs, increasing numbers of female juvenile offenders and mental health problems.

Consider the following statistics as compiled by the Office of Juvenile and Delinquency Prevention:

- In the period since 1980, the proportion of murders cleared by juvenile arrests peaked in 1994 at 10 percent then dropped to 5 percent in 2002—the lowest level since 1987 but still above the levels of the mid-1980s.
- The juvenile proportion of cleared forcible rapes peaked in 1995 (15 percent) and then fell; however, the 2002 proportion (12 percent) was still above the levels of the late 1980s (9 percent).
- The juvenile proportion of robbery clearances also peaked in 1995 (20 percent); it fell substantially by 2002 (14 percent), but was still above the levels of the late 1980s (10 percent).
- The juvenile proportion of aggravated assault clearances in 2002 (12 percent) was slightly below its peak in 1994 (13 percent) and substantially above the levels of the late 1980s (8 percent).
- The proportion of Property Crime Index offenses cleared by juvenile arrests in 2002 (20 percent) was at its lowest level since at least 1980.

Since the early 1920s, The American Legion has been vitally concerned with the issue of juvenile delinquency. In 1932, The American Legion stated "that every effort be made to attain adequate standards for the States in the prevention and treatment of juvenile delinquency, including Juvenile Court Administration, juvenile detention homes and juvenile correctional care."

For over two decades, The American Legion has actively voiced support for the Office of Juvenile Justice and Delinquency Prevention and openly opposes any and all efforts to eliminate this Office and its programs. The American Legion views the Office of Juvenile Justice and Delinquency Prevention and its programs as the only national defense against the escalation of juvenile crime in America.

The American Legion urges Congress to appropriate $304 million to support the Office of Juvenile Justice and Delinquency Prevention and its programs. By working together on behalf of America's children and their families, The American Legion and the Office of Juvenile Justice and Delinquency Prevention can ensure that the progress of the recent past shall be but a prologue to a brighter future in this new millennium.

Comprehensive Health Care for Children & Youth

Historically, it has been The American Legion's position that all children should have adequate health services to assure their physical, mental and emotional well being.

There is currently a successful comprehensive health care system for children and youth that is being successfully operated across the nation in low-income areas. The Maternal and Child Health Services Title V Block Grant to States program has operated as a Federal-State partnership for 65 years. When the Social Security Act was passed in 1935, the Federal government, through Title V, pledged its support of State efforts to extend and improve health and welfare services for mothers and children. These services must be consistent with applicable

health status goals and national health objectives established by the Secretary of the U.S. Department of Health and Human Services.

Title V has been amended many times over the years to reflect the expansion of the national interest in maternal and child health. It was converted to a block grant as part of the Omnibus Budget Reconciliation Act of 1981. In the Omnibus Budget Reconciliation Act of 1989, Congress sought to balance the flexibility of the block grant with greater accountability, by requiring State Title V programs to report on progress made on key maternal and child health indicators and to provide other program information.

States and jurisdictions use Title V funds to design and implement a wide range of maternal and child health programs that meet national and State needs. Although specific initiatives may vary among the 50 States and jurisdictions utilizing Title V funds, all programs work to do the following:

- Reduce infant mortality and incidence of handicapping conditions among children.
- Increase the number of children appropriately immunized against disease.
- Increase the number of children in low-income households who receive assessments and follow-up diagnostic and treatment services.
- Provide and ensure access to comprehensive prenatal care for women; preventative and child care services; comprehensive care, including long-term care services, for children with special health care needs; and rehabilitation services for blind and disabled children under 16 years of age who are eligible for Supplemental Security Income.
- Facilitate the development of comprehensive, family-centered, community-based, culturally competent, coordinated systems of care for children with special health care needs.

Title V-supported programs provide gap-filling prenatal services to more than 2 million women and primary and preventive health care to more than 17 million children, including almost 1 million children with special needs.

Title V remains the only Federal program that focuses solely on improving the health of all mothers and children. Its partnership with State Maternal and Child Health (MCH) and Children with Special Health Care Needs (CSHCN) programs, reaches across economic lines to support such core public health functions as resource development, capacity and systems building, population-based functions such as public information and education, knowledge development, outreach and program linkage, technical assistance to communities, and provider training.

Title V makes a special effort to build community capacity to deliver such enabling services as care coordination, transportation, home visiting, and nutrition counseling, which complement and help ensure the success of State Medicaid and SCHIP medical assistance programs.

Title V funds support programs for children with special health needs to facilitate the development of family-centered, community-based, coordinated systems of care. These programs are dependent upon yearly reconsideration and the appropriation of funds by the Congress of the United States. The American Legion supports and endorses the program as

outlined by the Maternal and Child Health Services Block Grant contained under Title V of the Social Security Act.

The American Legion continues to advocate on behalf of the issues that impact the nation's young people. We have been so tasked from our inception, and we remain unwavering in our commitment to ensure a safe and healthy future for the nation's greatest natural resource – our children and youth.

The American Legion urges Congress to continue its support by appropriating $719 million to fund these programs, including the Comprehensive Health Care for Children and Youth programs.

ECONOMICS

Veterans' Employment And Training Service (VETS)

The American Legion's position regarding the Veterans' Employment and Training Service (VETS) program is that this is and should remain a national program with Federal oversight and accountability. The mission of VETS is to promote the economic security of America's veterans. This stated mission is executed by assisting veterans in finding meaningful employment. The American Legion views the VETS program as one of the best-kept secrets in the Federal government. It is comprised of many dedicated individuals who struggle to maintain a quality program without substantial funding and staffing increases.

Annually, DoD discharges approximately 250,000 service members. Recently separated service personnel are likely to seek immediate employment or are preparing to continue their formal or vocational education. In order for the VETS program to assist these veterans to achieve their goals, it needs to:

- Improve by expanding its outreach efforts with creative initiatives designed to improve employment and training services for veterans.
- Provide employers with a labor pool of quality applicants with marketable and transferable job skills.
- Provide information on identifying military occupations that require licenses, certificates or other credentials at the local, state, or national levels.
- Eliminate barriers to recently separated service personnel and assist in the transition from military service to the civilian labor market.
- Strive to be a proactive agent between the business and veterans' communities in order to provide greater employment opportunities for veterans

VETS Funding Recommendations For FY 2007

Program	Budget Request
State Grants	$217.26 million
NVTI	$4.08 million

HVRP	$25.5 million
VWIP	$17.34 million
SMOCTA	$45.9 million*
Program Administration	$35.7 million

* If SMOCTA is not reauthorized, these funds should be included in the VWIP budget line.

The American Legion believes staffing levels for Disabled Veterans' Outreach Program (DVOP) specialists and Local Veterans' Employment Representatives (LVERs) should match the needs of the veteran community in each state and not be based solely on the fiscal needs of the state government. Such services will continue to be crucial as active duty service members, especially those returning from combat in Iraq and Afghanistan, transition into the civilian world. Education and vocational training and employment opportunities will enable these veterans to succeed in their future endeavors. Adequate funding will allow the programs to increase staffing to provide comprehensive case management job assistance to disabled and other eligible veterans.

Title 38 U.S.C. § 4103A requires that all DVOP specialists shall be qualified veterans and that preference be given to qualified disabled veterans in appointment to DVOP specialist positions. 38 U.S.C. § 4104(a)(4) states: "[I]n the appointment of local veterans' employment representatives on or after July 1, 1988, preference shall be given to qualified eligible veterans or eligible persons. Preference shall be accorded first to qualified service-connected disabled veterans; then, if no such disabled veteran is available, to qualified eligible veterans; and, if no such eligible veteran is available, then to qualified eligible persons."

The American Legion believes that the military experience is essential to understanding the unique needs of the veteran and that all LVERs, as well as all DVOPs, should be veterans. The American Legion recommends $345.78 million for the Veterans' Employment and Training Service in Fiscal Year 2007.

Make Transitional Assistance Program (TAP) and Disabled Transition Assistance Program (DTAP) Mandatory Attendance Programs

DoD estimates that about 68 percent of separating service members attend the full TAP/DTAP seminars and only 35 percent of the Reserve components attend TAP/DTAP. The American Legion believes that this low attendance number is a disservice to all transitioning service members especially those in the Reserve component. Presently, countless numbers of National Guard and Reserve troops have returned from the war in Iraq and Afghanistan only to encounter difficulties with their federal and civilian employers at home. In numerous cases brought to the attention of The American Legion by veterans and other sources, many of these returning service members have lost jobs, promotions, businesses, homes, cars and in a few cases become homeless. The American Legion strongly asserts that service members would greatly benefit by having access to the resources and knowledge that TAP/DTAP can provide.

National Veterans Training Institute (NVTI)
Additionally, The American Legion recommends adequate funding for NVTI budget. NVTI provides standardized training for all veterans employment advocates in an array of employment and training functions.

Service Members Occupational Conversion and Training Act (SMOCTA)
The American Legion urges the reinstatement of the Service Members Occupational Conversion and Training Act (SMOCTA). SMOCTA was developed as a transitional tool designed to provide job training and employment to eligible veterans discharged after August 1, 1990. Veterans' eligible for assistance under SMOCTA were those with a primary or secondary military occupational specialty (MOS) that DoD had determined was not readily transferable to the civilian workforce; or those veterans with a service connected disability rating of 30 percent or greater.

Eligible veterans received valuable job training and employment services through civilian employers that built upon the knowledge and job skills veterans acquired while serving in the military. This program not only improved employment opportunities for transitioning service members, but also enabled the Federal dollars invested in education and training for active duty service members to be reinvested in the national job market by facilitating the transfer of skills from military service to the civilian workforce.

Homeless Veterans Reintegration Program (HVRP)
HVRP is an employment initiative with strong ties to local communities. Providers operate veteran-specific programs that reach veterans with histories of intertwined posttraumatic stress disorder (PTSD) and substance abuse. HVRP grantees have placed hundreds of veterans in good jobs, with twice the record of job retention expected. HVRP has the potential for eliminating chronic homelessness among the nation's veterans. It covers myriad initiatives that address prevention, housing, counseling, treatment and employment for veterans transitioning out of homelessness.

VA has estimated that there are at least 250,000 homeless veterans in America and approximately 500,000 experience homelessness in a given year. Most homeless veterans are single men; however, the number of single women with children has drastically increased within the last few years. Homeless female veterans tend to be younger, are more likely to be married, and are less likely to be employed. They are also more likely to suffer from serious psychiatric illness.

Approximately 40 percent of homeless veterans suffer from mental illness and 80 percent have alcohol or other drug abuse problems. It cannot go unnoticed that the increase in homeless veterans coincides with the under-funding of VA health care, which resulted in the downsizing of inpatient mental health capabilities in VA hospitals across the country. Since 1996, VA has closed 64 percent of its psychiatric beds and 90 percent of its substance abuse beds. It is no surprise that many of these displaced patients end up in jail or on the streets. The American Legion applauds VA's recent plan to restore a good portion of this capacity. The American Legion believes there should be a focus on the prevention of homelessness, not just measures to respond to it. Preventing it is the most important step to ending it.

The American Legion has a vision to assist in ending homelessness among veterans, by ensuring services are available to respond to veterans and their families in need before they experience homelessness. Towards that objective, The American Legion in partnership with the National Coalition for Homeless Veterans created a Homeless Veterans Task Force in the fall of 2002. The mission of the Task Force is to develop and implement solutions to end homelessness among veterans through collaborating with government agencies, homeless providers and other veterans service organizations. In the last two years, 16 homeless veterans workshops were conducted during The American Legion National Convention and Mid-Winter Conferences. Currently, there are 51 Homeless Veterans Chairpersons within The American Legion who act as liaison to Federal, state and community homeless agencies and monitor fundraising, volunteerism, advocacy and homeless prevention activities within participating American Legion Departments. The *American Legion Homeless Veterans Outreach Award* is presented to the Department that made the greatest effort to end veteran homelessness within their area. At this year's National Convention, the Department of Indiana was presented this award.

The current Administration has vowed to end the scourge of homelessness within ten years. The clock is running on this commitment, yet words far exceed deeds. While less than nine percent of the nation's population are veterans, 34 percent of the nation's homeless are veterans and of those 75 percent are wartime veterans.

Homelessness in America is a travesty and veterans' homelessness is disgraceful. Left unattended and forgotten, these men and women, who once proudly wore the uniforms of this nation's armed forces and defended her shores, are now wandering her streets in desperate need of medical and psychiatric attention and financial support. While there have been great strides in ending homelessness among America's veterans, there is much more that needs to be done. We must not forget them. The American Legion supports funding that will lead to the goal of ending homelessness in the next ten years.

Homeless Providers Grant and Per Diem Program Reauthorization
In 1992, VA was given authority to establish the Homeless Providers Grant and per Diem Program under the Homeless Veterans Comprehensive Services Programs Act of 1992, P. L. 102-590. The Grant and Per Diem Program is offered annually (as funding permits) by the VA to fund community agencies providing service to homeless veterans. The American Legion strongly supports changing the funding cycle of the program from an annual basis to a five-year-cycle. The American legion recommends that funding be increased to $200 million annually

SMALL BUSINESS ADMINISTRATION
The American Legion views small businesses as the backbone of the American economy. It is the driving force behind America's past economic growth and will continue to be the major factor as we move further into the 21st century. Presently, more than nine out of every ten businesses are small firms, which produce almost one-half of the Gross National Product. Veterans' benefits have always included assistance in creating and operating veteran-owned small businesses.

The impact of deployment on self-employed reservists is tragic with a reported 40 percent of all veteran-owned businesses suffering financial losses and in some cases bankruptcies. Many small businesses have discovered they are unable to operate and suffer some form of financial loss when key employees are activated. The Congressional Budget Office in a report "*The Effects of Reserve Call-Ups on Civilian Employers"* stated that it "expects that as many as 30,000 small businesses and 55,000 self-employed individuals may be more severely affected if their Reservist employee or owner is activated" The American Legion is a strong supporter of the "Hope at Home Act of 2005", which is a bipartisan bill that would not only require the Federal government to close the pay gap between their Reserves and National Guard service member's civilian and military pay' but it would additionally provide tax credits up to $30,000 for small businesses with service members who are activated.

Veterans Preference

A grateful nation, following each war, has indicated its thanks to those who bore the brunt of the battle by providing certain rights and benefits. One of which has been a small advantage when seeking Federal employment; and whereas, absence from a highly competitive job market creates an unfair and unequal burden on veterans upon completion of their military services. In competing with their non-veteran peers, which this preference in Federal employment is intended to overcome in part, The American Legion suggests that the Office of Personnel Management (OPM) which has the task of monitoring compliance of veteran preferences within all Federal agencies subject to title 5, United States Code, create an Office of Veterans Affairs within OPM to ensure that all veterans are getting their employment preferences.

GI BILL EDUCATION BENEFITS

The American Legion commends the 108th Congress for its actions to improve the current Montgomery GI Bill (MGIB). A stronger MGIB is necessary to provide the nation with the caliber of individuals needed in today's Armed Forces. The American Legion appreciates the efforts that this Congress has made to address the overall recruitment needs of the armed forces and to focus on the current and future educational requirements of the All-Volunteer Force.

Over 96 percent of recruits currently sign up for the MGIB and pay $1,200 out of their first year's pay to guarantee eligibility. However, only one-half of these military personnel use any of the current Montgomery GI Bill benefits. We believe this is directly related to the fact that current GI Bill benefits have not kept pace with the increasing cost of education. Costs for attending the average four-year public institution as a commuter student during the 1999-2000 academic year was nearly $9,000. On October 1, 2005, the basic monthly rate of reimbursement under MGIB will be raised to $1,034 per month for a successful four-year enlistment and $840 for an individual whose initial active duty obligation was less than three years. The current educational assistance allowance for persons training full-time under the MGIB Selected Reserve is $297 per month.

The Servicemen's Readjustment Act of 1944, P.L. 78–346, the original GI Bill, provided millions of members of the Armed Forces an opportunity to seek higher education. Many of these individuals may not have been afforded this opportunity without the generous provisions of that act. Consequently, these former service members made a substantial contribution not only to their own careers, but also to the economic well being of the country. Of the 15.6 million

veterans eligible, 7.8 million took advantage of the educational and training provisions of the original GI Bill. Between 1944 and 1956, when the original GI Bill ended, the total educational cost of the World War II bill was $14.5 billion. The Department of Labor estimates that the government actually made a profit, because veterans who had graduated from college generally earned higher salaries and, therefore, paid more taxes.

Today, a similar concept applies. The educational benefits provided to members of the armed forces must be sufficiently generous to have an impact. The individuals who use MGIB educational benefits are not only improving their career potential, but also making a greater contribution to their: community, state, and nation.

The American Legion recommends the following improvements to the current MGIB:

- The dollar amount of the entitlement should be indexed to the average cost of a college education including tuition, fees, textbooks, and other supplies for a commuter student at an accredited university, college, or trade school for which they qualify;
- The educational cost index should be reviewed and adjusted annually;
- A monthly tax-free subsistence allowance indexed for inflation must be part of the educational assistance package;
- Enrollment in the MGIB shall be automatic upon enlistment; however, benefits will not be awarded unless eligibility criteria have been met;
- The current military payroll deduction ($1,200) requirement for enrollment in MGIB must be terminated;
- If a veteran enrolled in the MGIB acquired educational loans prior to enlisting in the armed forces, MGIB benefits may be used to repay those loans;
- If a veteran enrolled in MGIB becomes eligible for training and rehabilitation under Chapter 31, of title 38, United States Code, the veteran shall not receive less educational benefits than otherwise eligible to receive under MGIB;
- A veteran may request an accelerated payment of all monthly educational benefits upon meeting the criteria for eligibility for MGIB financial payments, with the payment provided directly to the educational institution;
- Separating service members and veterans seeking a license, credential, or to start their own business must be able to use MGIB educational benefits to pay for the cost of taking any written or practical test or other measuring device;
- Eligible veterans shall have 10 years after discharge to utilize MGIB educational benefits; and
- Eligible members of the Select Reserves, who qualify for MGIB educational benefits, shall receive not more than half of the tuition assistance and subsistence allowance payable under the MGIB and have up to 5 years after their date of separation to use MGIB educational benefits.

HOME LOAN GUARANTY PROGRAM

VA's Home Loan Guaranty program has been in effect since 1944 and has afforded approximately 17 million veterans the opportunity to purchase homes. The Home Loan program offers veterans a centralized, affordable and accessible method of purchasing homes in return for their service to this nation. The program has been so successful over the past years that not only

has the program paid for itself but has also shown a profit in recent years. The American Legion believes that it is unfair for veterans to pay high funding fees of 2 to 3 percent, which can add approximate $3,000 to $11,000 for a first time buyer. The VA funding fee was initially enacted to defray the costs of the VA guaranteed home loan program. The current funding fee paid to VA to defray the cost of the home loan has had a negative effect on many veterans who choose not to participate in this highly beneficial program. Therefore, The American Legion strongly recommends that the VA funding fee on home loans be reduced or eliminated for all veterans whether active duty, Reservist, or National Guard.

Specially Adapted Housing

The American Legion believes that with the increasing numbers of disabled veterans returning from Iraq and Afghanistan, the need for specially adapted housing is paramount. Therefore, The American Legion strongly recommends that the current $50,000 grant for specially adapted housing be increased to $55,000 and special home adaptations be increased from $10,000 to $12,300. Specially adapted housing grants are available for the installation of wheel chair ramps, chair lifts, modifications to kitchens and bathrooms and other adaptations to homes for veterans who cannot move about without the use of wheelchairs, canes or braces or who are blind and suffer the loss or loss of use of one lower extremity. Special home adaptation grants are available for veterans who are legally blind or have lost the use of both hands. Given the rising costs of construction materials and services, The American Legion is pleased to support pending legislation that would raise these allowances and allow the grants to be paid to adapt the homes of parents or siblings caring for disabled veterans.

FOREIGN RELATIONS

The American Legion continues to advocate for a strong and vigorous Foreign Relations policy. Diplomacy through the Department of State has been at the core of our national interest, from the historic work of Benjamin Franklin to the court of King Louis XVI to Henry Kissinger's mission of détente in The People's Republic of China. The use of diplomacy to project and protect our country's interest abroad has been key in maintaining the relative peace and order we have in the world today. But apart from preventing major military conflicts and international political disputes, the Department of State has been an integral facet in promoting our democratic values and American goodwill and assistance internationally.

This work has become of even greater value as the global community faces a threat that challenges the very stability of democracy and representative government, "**international terrorism**." Regardless of the political or religious motivation of these stateless groups they have thrived in countries that have become failed states, governments unable to provide for the basic needs of their own citizenry. The multiple development and aid programs managed and sponsored through the Department of State are the frontline for this fight to prevent the spread and recruitment of international terrorism. The continued support and enhancement of these programs is not only an investment in the prevention of terrorist recruits but are opportunities to create new areas of economic prosperity and to stabilize parts of the world where hunger, disease, oppression and civil strife are the grim realities that people must face daily.

The American Legion, as mandated by its resolutions, calls upon the Administration and the Congress to provide adequate funding for the Department of State to pursue its mission.

Department of State Funding Recommendations For FY 2007

International Affairs	FY 2007 request
Foreign Operations	$22.9 Billion
Commerce, Justice, State	$10.1 Billion
Total Request:	$34.5 Billion

The American Legion is concerned that without proper funding levels and realized appropriations the Department of State may be less than able to maintain the programs that ensure a dynamic and responsive foreign policy. Foreign Operations funding include several areas of interest to The American Legion. Under **Title II Bilateral Economic Assistance**, funding for the USAID, Peace Corp, International Narcotics Control and Law Enforcement, and the Millennium Challenge Corporation, are all essential programs that can directly reduce the likelihood of "failed States." A contributing factor to what many foreign policy analysts and the Department of State's own Office of Strategic Planning recognizes as a reason for the rise of terrorism. A state (weak government) that cannot offer its citizenry basic needs becomes the fertile ground and safe haven for recruitment and training of terrorists. Programs under Titles I and II directly address these issues and need robust funding in order to help stabilize developing countries and reduce their chances of failure.

The broad spectrum of Foreign Relations programs The American Legion supports begins with the vigorous support and adequate funding for the Department of State. The Department of State is both a credible initial deterrent to international threats to the US and effectively promotes American interests abroad.

Other programs include:
Support for the establishment and the long-term goals of the Enterprise for the Americas Initiative to enhance economic growth and cooperation between the governments and peoples of the Western Hemisphere. This initiative has assisted and continues to assist countries of this hemisphere develop their economic and democratic governmental institutions and the Executive Branch has been active in promoting the Free Trade Area of the Americas.

Support to increase emphasis on Mexican-US cooperative endeavors on all fronts to enhance the prosperity and security of both nations. The US and Mexico are historic neighbors with a common heritage, thousands of miles of common border and both governments have joined together in the North American Free Trade Agreement to further enhance prosperity of both nations.

Support for student exchange programs between the US and the Latin American countries of Mexico, Central America and South America. They should be encouraged and conducted by

private and governmental agencies to acquaint future leaders of all countries in the hemisphere with their neighbors. College scholarships and educational exchanges go a long way in breaking international barriers and promoting good will and understanding. Thus, The American Legion urges the US government to establish procedures that continue to provide student visas to qualified foreign students and exchange program participants while maintaining the capability to verify all recipients of student visas maintain their status as legitimate students.

Continued support for cooperating fully with Latin American nations to destroy the international traffic of illegal drugs and to provide appropriate economic assistance to aid in this vital endeavor.

Continued support for economic aid to friendly democratic Central American nations that seek to develop democratic societies with market economies as such aid increases stability in our hemisphere and promotes democracy.

Support for the United Nations and the seeking of reforms that encourage the focus on limited, achievable tasks that truly better the lot of humankind in a sensible, cost-efficient manner; the implementation of procedures to prevent the infringement of national sovereignty when operating economic and social programs; the development of a professional UN staff based on merit principles and qualifications; making the UN Inspector General a truly independent authority; the admittance of the Republic of China to full membership and the establishment of an equitable fiduciary relationship between the UN and the US.

Finally, the American Legion supports a bipartisan American foreign policy that secures the peace and security for the US and which reflects our values and national character. A policy premised on Congress and the President reevaluating our strategic relationships with other countries as well as our collective security commitments.

In addition to our mandate to seek full funding for Foreign Operations programs, The American Legion recognizes that the Department of State cannot do its mission without secure consulates and embassies abroad. Under the Commerce, Justice and State funding line, the Administration and Congress must seek enhanced funding for Embassy Security and Construction and Maintenance. The FY 2006 request of $1.5 billion while adequate to maintain our current overseas missions, actual appropriations for FY 2006 were considerably less than anticipated forcing the Department of State to make serious shifts in its administrative priorities. The American Legion believes those shifts should not include the diminishing of funds to maintain the security of our consulates and embassies and asks for additional funding to make up for any shortfalls incurred by the enacted FY06 appropriations.

The American Legion, while a generalist in its concerns for the Department of State, has been an advocate for its entire mission. Diplomacy has been an essential part of our nation's overall security strategy. The failure to provide this agency the necessary funding it needs will only result in actions which puts our men and women in uniform in harms way when a dollar of development would have sufficed.

NATIONAL SECURITY

The deep-rooted interest of The American Legion in the security of the nation was born in the hearts and minds of its founders and those who piloted it through the treacherous waters of its early years. The bitter experiences of seeing comrades wounded and killed through lack of proper training crystallized the determination of these veterans to fight for an adequate defense establishment capable of protecting the sovereignty of the United States.

The tragic events of World War I, largely precipitated by unpreparedness, were still vivid in the minds of combat veterans when the Committee on Military Policy met at the 1919 National Convention in Minneapolis. The charter convention approved 10 committee resolutions embodying the important principles of universal military training, retention of a small Regular Army establishment and creation of a citizens' army composed of an Organized Reserve and National Guard units.

In the years since the birth of The American Legion, the United States has engaged in another World War and fought in Korea, Vietnam, Lebanon, Grenada, Panama, the Persian Gulf, Somalia, Mogadishu, Bosnia, Kosovo, Afghanistan and Iraq to oppose further aggression by totalitarian regimes. Perhaps these conflicts would not have occurred had this nation followed The American Legion's repeated call of recommendations on national security matters. During the 22 years separating the birth of The American Legion and the attack on Pearl Harbor, The American Legion remained a loud and persistent voice for maintaining a strong national defense.

The American Legion would like to thank the committee for their hard work on previous budgets to improve the quality of life for America's total force military, retirees, and their families.

This statement will contain issues on the following subject areas:

- Manpower and Weapons Systems
- Force Structure
- Quality-of-Life
- Homeland Security

MANPOWER AND WEAPONS SYSTEMS

The President's Fiscal Year 2007 Defense budget request will require supplemental defense spending to sustain the Global War on Terrorism while maintaining the war fighting capabilities of the armed forces. For nearly a decade, the increased OPTEMPO and budgetary shortfalls has had a devastating impact on military readiness, modernization, and personnel. The FY 2005 and FY 2006 Defense Appropriations Acts had made significant fiscal improvements to previous defense budgets. The FY 2003 Defense Appropriations Act, the first War on Terror/Homeland Security budget, represented 3.3 percent of Gross Domestic Product (GDP), and the fiscal year 2004 was at 3.4 percent of GDP.

The FY 2006 Defense Authorization Act authorized $491.5 billion, which included $50 billion for war costs. The FY 2007 defense authorization bill should include continued military pay

raises and allowances as well as recruitment bonuses and incentives. The Defense Health Program, to include the TRICARE health care system, needs to be fully funded. The FY 2007 defense budget should continue to include a 2006 supplemental authorization to spend $80 to $120 billion for the wars in Iraq and Afghanistan and for Hurricane Katrina relief. Authorizations for continued spending on modernization to include the Army's Future Combat System and Navy F/A – 18 E/F Super Hornet fighter jets; continued spending for development of the Joint Strike Fighter for multiple services and procurement of more F-22A Raptor fighter jets. The American Legion also supports continued development of the DD(X) destroyer and shipbuilding of other required Navy warships.

The American Legion urges the Congress to continue to maintain defense spending levels that represent at least 3.5 percent of GDP.

Defense budgets, military manpower and force structures are currently one-third of their 1986 levels. Military capabilities are at significantly lower levels than the Persian Gulf War in 1991. With only ten active Army divisions in the inventory, it is little wonder that thousands of Reservists and Guardsmen have been called to active duty to bolster homeland security and in preparation for war with Iraq. The armed forces must never return to the dark days of the "hollow forces." The American Legion recommends:

- Active-duty manpower levels should not be less than 1.6 million.
- The Army should maintain 12 fully manned, equipped, and trained combat divisions.
- The Navy should maintain 12 aircraft carrier battle groups and a viable strategic sealift capability. The Navy is retiring ships faster than they are being built.
- The Air Force should maintain at least 15 fighter wings, a strategic bombing capability, an Intercontinental Ballistic Missile capability and global strategic air transport capability.
- Funding the continued development and deployment of a national missile defense system.
- Upgrading National Guard and Reserve compensation and retirement to better reflect the increased sacrifices imposed on these members, including changing the Guard and Reserve retirement age from 60 to 55 and providing tax incentives for employers of Guard and Reserve members.

P.L. 107-314 requires DoD to sustain actual personnel FTE levels at the Defense Prisoner of War/Missing Personnel Office (DPMO) at FY 2003 level of 69 civilian/46 military and funding target (floor for spending) $15,974,000. The American Legion, mandated by its resolutions, seeks a funding level for Operations and Maintenance at a minimum of $16 million, and further assessment of the office's work-load capacity and needs and ensure that the office is fully staffed as prescribed by law.

FORCE STRUCTURE

The current active-duty personnel level is approximately 1.55 million. Military leaders are making up the difference by increasing the operations tempo and by over-utilizing the Reserve Components. American military personnel are deployed to about 130 countries worldwide. Overseas deployments have increased over 300 percent in the past eight years. Many of these

personnel are from the Reserve components. Both of these solutions are core elements of the likely recruitment and retention problems, which have confronted the Army.

Congress in the FY 2006 National Defense Authorization Act provided the Army and Marine Corps with additional authority to increase their Army active end strengths by 10,000 and 3,000 spaces, respectively, but does not require them to do so. It is highly uncertain that these additional end-strengths will ease current manpower strains.

Past cuts in force structure cannot be rapidly reconstituted without the costly expenditures of time, money and human lives. Modernization of weapon systems is vital to properly equip the armed forces, but is totally ineffective without adequate personnel to effectively operate state-of-the-art weaponry. Even as the Secretary of Defense recently authorized a temporary increase in the Army's end strength, recruiting and retention are likely to be problematic especially in the Army and its Reserve Components. No military personnel should go into battle without unarmed vehicles or flak vests or vehicles and helicopters that are approaching or exceeding their service lives. America stands to lose its service members on the battlefield and during training exercises due to aging equipment as well as in their likely exodus from the military. The current practice of trading off force structures and active-duty personnel levels to recoup or bolster modernization or transformation resources must be discontinued.

The American Legion recommends restoring former military force structures and increasing active duty end strengths so as to more adequately pursue the global war on terrorism. The American Legion seeks to improve alignment of service levels with missions to ease deployment rates and improve quality of life features. Ensuring readiness also requires retaining the peacetime Selective Service System to register young men for possible military service in case of a national emergency. Military history repeatedly demonstrates that it is far better to err on the side of preserving robust forces to protect America's interest than to suffer the consequences of maintaining inadequate force structures or military non-readiness.

Although DoD has dropped the two-war scenario, the rise of North Korea and Iran as nuclear threats, coupled with war in Iraq and Afghanistan, may necessitate the return of the two-war strategy. It really has a "win-hold" strategy at best. America needs a more realistic strategy with an appropriate force structure, weaponry, equipment, and appropriately resourced and increased active-duty and reserve components personnel levels to achieve its national security objectives.

QUALITY-OF-LIFE

Another major concern is the enhancement of quality-of-life issues for service members, Reservists, military retirees, and their families. If we are to win the war on terror, and prepare for the wars of tomorrow – in this decade and beyond – we must take care of the Department's greatest assets, namely, its men and women in uniform. They have done us proud in Iraq and Afghanistan and around the world – but in our view, they are still undermanned and spread thin. The American Legion believes a permanent and required increase in military end strengths is overdue.

The marked decline in quality-of-life issues for military personnel and their families, coupled with heightened operational tempos and a sluggish economy, are adversely impacting on both

recruitment and retention of qualified personnel. The fact that the Army has experienced recruiting and retention problems comes as no surprise, but additional funding alone will not solve it. The operational tempo and multiple deployments must be reduced. U.S. peacekeeping forces remain in Bosnia, Kosovo, Sinai, and East Timor, and U.S. counter-guerrilla/training efforts continue in the Philippines. So far, over 2,000 Americans have been killed in action in Iraq and Afghanistan and over 5,000 have been wounded in action.

The United States must honor its obligations to all service members (past, present and future) and their families. Such obligations should include competitive compensation, meaningful transitional assistance, quality health care, and equitable retirement benefits for service members on active duty and in the reserve components:

- Reimbursement rates for TRICARE providers need to be increased.
- The SBP and Dependency Indemnity Compensation (DIC) offset ("Widow's Tax") needs to be eliminated, and the current 2008 effective date for 30-year paid-up SBP coverage should be moved up to October 1, 2006.
- Military pay raises and allowances should continue to be increased.
- The full concurrent receipt (repeal the "disabled veterans' tax") of military retirement pay and veteran's disability compensation for all disabled military retirees needs to be fully funded; Combat-Related Special Compensation needs to be authorized for military disability retirees, and
- The Defense Health Program should be fully-funded, and TRICARE fees for under-65 military retirees and their dependents should not be increased.

The American Legion's efforts following World War I resulted in the enactment of the National Defense Act of 1920, which gave the nation its first workable plan for a small Regular Army augmented by a large National Guard and Organized Reserve. However, because appropriations for carrying out provisions of this act were repeatedly denied, the military establishment – which at the end of World War I had been as well prepared as that of any country in the world – was steadily reduced.

The American Legion has continued to propose recommendations which have had a profound effect on the nation's history. Twenty years prior to Pearl Harbor, The American Legion was calling for the equivalent of a two-ocean Navy and firmly supported the development and use of a new weapon system – the airplane.

HOMELAND SECURITY

Congress cleared a $31.9 billion Fiscal Year 2006 Homeland Security spending bill in October 2005 after appropriators resolved disputes over spending for the Coast Guard's fleet modernization program (Deepwater). Additions to the Department of Homeland Security budget came at a cost to grants for police, firefighters and other first-responders. State and local aid were cut by 16 percent, and this funding should be restored for first-responders. Funding for the Coast Guard's Deepwater modernization program needs to be increased particularly in light of its outstanding response to the Hurricane Katrina relief effort as well as for its homeland security and drug interception efforts. Undoubtedly, more funding will likely be required to reconstruct those areas devastated by Hurricanes Katrina and Rita.

VETERANS AFFAIRS AND REHABILITATION

There is a continued emphasis on focusing resources for medical treatment of the *core-mission veteran population*. The term *core-mission veteran population* does not appear in Title 38, United States Code. In 1996, Congress passed VA eligibility reform legislation. It was not until 1998 that VA finally established the rules to enforce the statute. Eligibility reform ensured all eligible veterans could seek health care through VA, not simply those designated as the *core-mission veteran population*. Tailoring the veteran population to meet the budget was not the intent of Congress when it reformed access eligibility. The American Legion believes VA must be funded at a level that will ensure all eligible veterans have access to the VA health care system. The VA budget must reflect the true demand for care.

Honorable military service, whether for a single enlistment or for a thirty–year career, is not merely another period of employment in an individual's personal history. Whether one's service involved the horrors of combat in some foreign land or was spent here in the U.S. answering the nation's call to arms, bestows on the individual legal and moral statuses that must not be denigrated.

With young American service members continuing to answer the nation's call to arms in every corner of the globe, we must now, more than ever, work together to honor their sacrifices. Those men and women who return from battle with career-ending injuries and life changing memories will turn to VA for their health care; health care they have earned through their service to this country. VA must be funded at levels that will ensure that all enrolled eligible veterans receive quality health care in a timely manner.

The American Legion's suggested budget request for selected discretionary programs for FY 2007:

DEPARTMENT OF VETERANS AFFAIRS FOR FY 2007

Accounts	**Budget Request**
Medical Care	$33.5 billion
Medical & Prosthetics Research	$469 million
Medical Care Collections	$2.1 billion*
Construction	
• Major	$343 million
• Minor	$274 million
State Grants for Extended Care Facilities	$250 million
State Grants for Veterans' Cemeteries	$44 million
National Cemetery Administration	$174 million
General Administration	$1.9 billion

* Third-party reimbursements should supplement rather than offset discretionary funding.

VETERANS HEALTH ADMINISTRATION

Medical Care

Over the past 20 years, VA has dramatically transformed its medical care delivery system from a struggling collection of hospitals and homes to an integrated health care system of excellence that leads private and other government health care providers in almost every measure. The quality of care that is provided through the VA health care system is exemplary. However, the quality of care is irrelevant when access to that care is impeded.

Today, there are over 25 million veterans. As more veterans choose to use VA as their primary health care provider (over 8 million veterans enrolled or waiting to enroll), the strain on the system continues to grow. The American Legion fully supported the enactment of P.L. 104-262, the Veterans Health Care Eligibility Reform Act that opened enrollment in the VA health care system. Many veterans who, until this time, were restricted from VA health care in the 1980s were once again able to gain access. Veterans recognize that the Veterans Health Administration provides affordable, quality care that they cannot receive anywhere else.

The astronomical growth of Priority Groups 7 and 8 veterans seeking health care at their local VA medical facility resulted in over 300,000 veterans being placed on waiting lists regardless of their assigned Priority Group. The American Legion does not agree with the decision to deny health care to veterans simply to ease the backlog. Denying earned benefits to eligible veterans does not solve the problems resulting from an inadequate budget.

The simple fact is VHA does not have the funding needed to treat all veterans seeking care from VA. VHA operates under a constant cloud of fiscal uncertainty. The FY 2004 VA appropriations battle delayed much-needed funds for more than five months into the fiscal year. Future spending projections, staffing levels, equipment purchases, and structural improvements are all stalled if the funding is not a certainty. Delayed funding means delayed services for deserving veterans who rely on VA for their care.

The American Legion recommends $33.5 billion in discretionary funding for VA medical care.

MANDATORY FUNDING FOR VETERANS HEALTH CARE

A new generation of young Americans is once again deployed around the world, answering our nation's call to arms. Like so many brave men and women who honorably served before them, these new veterans are fighting for the freedom, liberty and security of us all. Also like those who fought before them, today's veterans deserve the due respect of a grateful nation when they return home.

Unfortunately, without urgent changes in health care funding, new veterans will soon discover their battles are not over. They will be forced to fight for the life of a health care system that was designed specifically for their unique needs. Just as the veterans of the 20th century did, they will be forced to fight for the care they each are eligible to receive.

On June 23, 2005, Dr. Jonathan Perlin, Undersecretary for Health from the VA, testified before Congress that they had underestimated veterans' health care costs by $1 billion. VA's FY 2005 budget was based on 2002 data, which did not include Operation Enduring Freedom and

Operation Iraqi Freedom. VA officials attribute the higher costs to health care demand that exceeded their projections. The VA forecasted a 2.3 percent growth but instead the growth was 5.2 percent this year. VA had projected 23,553 patients from those conflicts this year, but instead has seen about 103,000.

The American Legion believes that the solution to the Veterans Health Administration (VHA) recurring fiscal difficulties will only be achieved when its funding becomes a mandatory spending item. Funding for VA health care currently falls under discretionary spending within the Federal budget. VA's health care budget competes with other agencies and programs for Federal dollars each year. The funding requirements of health care for service-disabled veterans are not guaranteed under discretionary spending. VA's ability to treat veterans with service-connected injuries is dependent upon discretionary funding approval from Congress each year.

Under mandatory funding, however, VA health care would be funded by law for all enrollees who meet the eligibility requirements, guaranteeing yearly appropriations for the earned health care benefits of enrolled veterans.

The American Legion is pleased to support legislation pending in the 109th Congress that would establish a system of capitation-based funding for VHA by combining the total enrolled veteran population with the number of non-veterans who received services from VHA, then dividing that number into 120 percent of the current VHA budget or to another amount, depending on the bill. This baseline per-capita amount is then adjusted for medical inflation each year and is multiplied by the veteran and non-veteran population for the prior fiscal year to arrive at a total budget for VHA for each succeeding fiscal year. This new funding system would provide all of VHA's Medical Services funding, except funding of the State Extended Care Facilities Construction Grant Program, which would be separately authorized. Annual funding would be without fiscal year limitation, meaning that any savings VHA realized in a fiscal year would be retained rather than returned to the Treasury, providing VHA with incentives to develop efficiencies and creating a pool of funds for enhanced services, needed capital improvements, expanded research and development and other purposes.

The Veterans Health Administration is now struggling to maintain its global preeminence in 21st century health care with funding methods that were developed in the 19th century. No other modern health care organization could be expected to survive under such a system. The American Legion believes that health care rationing for veterans must end. It is time to guarantee health care funding for all veterans.

MEDICAL CARE COLLECTIONS FUND

The Balanced Budget Act of 1997, P.L. 105-33, established the VA Medical Care Collections Fund (MCCF), requiring that amounts collected or recovered from third-party payers after June 30, 1997 be deposited into this fund. The MCCF is a depository for collections from third-party insurance, outpatient prescription co-payments and other medical charges and user fees. The funds collected may only be used for providing VA medical care and services and for VA expenses for identification, billing, auditing and collection of amounts owed the government. In Fiscal Year 2004, VHA collected $1.7 billion, a significant increase over the $540 million collected in fiscal year 2001. The Fiscal Year 2005 budget estimate projects $1.9 billion in

MCCF collections and the VA Fiscal Year 2006 budget request calls for $2.1 billion to supplement appropriations, a 10.8 percent increase over Fiscal Year 2005. VA's ability to capture these funds is critical to its ability to provide quality and timely care to veterans.

Government Accountability Office (GAO) reports have described continuing problems in VHA's ability to capture insurance data in a timely and correct manner and raised concerns about VHA's ability to maximize its third-party collections. At three medical centers visited, GAO found inability to verify insurance, accepting partial payment as full, inconsistent compliance with collections follow-up, insufficient documentation by VA physicians, insufficient automation and a shortage of qualified billing coders were key deficiencies contributing to the shortfalls. VA should implement all available remedies to maximize its collections of accounts receivable.

Technically, the MCCF is not considered a Treasury offset because the funds collected do not actually go back to the MCCF treasury account, but remain within VHA and are used as operating funds. Instead, in developing a budget proposal, the total appropriation request is reduced by the estimate for MCCF for the fiscal year in question. We fail to see the difference in the net effect on VISNs and VAMCs. Offsetting estimated MCCF funds largely defeats the purpose of realigning VHA's financial model to more closely approximate the private sector. The American Legion opposes offsetting annual VA discretionary funding by the MCCF recovery.

Medicare

As do all citizens, veterans pay into the Medicare system without choice throughout their working lives. A portion of each earned dollar is allocated to the Medicare Trust Fund and although veterans must pay into the Medicare system they cannot use their Medicare benefits at any VA health care facility. VA cannot receive reimbursements from Medicare for the treatment of allowable Medicare eligible veterans' nonservice-connected medical conditions. This prohibition constitutes a multi-billion dollar annual subsidy to the Medicare Trust Fund. The American Legion does not agree with this policy and supports Medicare reimbursement for VHA for the treatment of nonservice-connected medical conditions of allowable enrolled Medicare-eligible veterans.

CAPITAL ASSET REALIGNMENT FOR ENHANCED SERVICES

VA's Capital Asset Realignment for Enhanced Service (CARES) has entered into the final steps of the process - implementation and integration. The CARES decision released in May 2004 directed the Veterans Health Administration (VHA) to conduct 18 feasibility studies at those health care delivery sites where final decisions could not be made due to inaccurate and incomplete information. The 18 studies fall into two broad categories: 1) studies of sites where no specific decisions have been made to date for the delivery of health care, i.e., do we decide to merge these facilities or not; and 2) studies of sites where the Secretary's decision defines the healthcare solution to be implemented, i.e., how to best use or re-use the campus as a capital planning decision. VHA contracted Pricewaterhouse Cooper (PwC) to identify and determine the best approach to provide veterans with health care services equal to or better than is currently provided and evaluate in terms of access, quality, and cost effectiveness, while maximizing any

potential re-use of all or portions of the current real property inventory. The entire process was scheduled for 13 months with a completion date of no later than February 2006.

One of the components of the CARES Phase II process was stakeholder input. In order to ensure the concept was not lost during the ongoing studies, Local Advisory Panels (LAPs) were set up at each of the study sites. The membership of the LAPs consist of key stakeholders including community leaders, veterans groups, VA affiliated medical schools and VA representation. The LAPs are to hold four public meetings to gather and share stakeholder input during the year long studies. Ideally, PwC and LAPs will work together to develop options that PwC will eventually present to the Secretary. The American Legion was concerned when the first meetings had to be pushed back from March to the end of April. This could only mean that the final decision was going to be delayed. VA was already behind their established timeline. When the first meetings were finally held, The American Legion was present at every single one. We will ensure our presence at all of the LAPs throughout the process. The American Legion intends to hold accountable those who are entrusted to provide the best health care services to the most deserving population – the nation's veterans.

The implementation of the CARES decision promises to be a long process. VA has estimated that it will require $1 billion per year for the next six years, with continuing substantial infrastructure investments into the future. The American Legion is opposed to CARES funding coming out of the discretionary medical care account. The American Legion believes the CARES implementation must occur in the context of a fully utilized VA health care system. It must take into consideration VA's role in emergency preparedness, organizational capacity for services such as long-term care, and Homeland Security. Further, there must be continued oversight of the integration of the CARES process into the strategic planning process. Without that oversight, plans and promised services may be overlooked.

MEDICAL CONSTRUCTION AND INFRASTRUCTURE SUPPORT

Major Construction

Over the past several years, The American Legion has testified on the inadequacy of funding for VA's major and minor construction programs. This inadequacy has become even more apparent in light of the congressionally imposed moratorium on construction funding during the CARES process. The American Legion is both relieved and encouraged to see that the first two years worth of VA designated high-priority projects include critically needed seismic corrections to nine vulnerable structures in California and Puerto Rico. The American Legion has consistently expressed its concern that veterans are being treated in unsafe facilities. There are over 60 patient care and other related use buildings in danger of collapse or heavy damage in the event of an earthquake. The sorely needed seismic corrections, along with the necessary ambulatory care and patient safety projects, will require a significant increase in funding to address VHA's current major construction requirements. We believe these designated seismic projects, other seismic corrections and life safety upgrades, should be dealt with first on an emergency basis.

VA's list of priority projects for Fiscal Years 2004 (18 projects) and 2005 (12 projects) will cost an estimated $1.85 billion and $635 million, respectively. Of this, $1 billion is from major construction and CARES appropriations, including $400 million in transfer authority from

medical care accounts. The American Legion opposes the use of medical care appropriations for construction and urges Congress to separately and fully fund these projects.

The American Legion recommends $343 million for Major Construction and a separate $1 billion for the implementation of the CARES recommendations in FY 2007.

Minor Construction
VA's minor construction program has likewise suffered significant neglect over the past several years. The requirement to maintain the infrastructure of VA's buildings is no small task. When combined with the added cost of the CARES program recommendations and the request for minor infrastructure upgrades in several research facilities, it is easy to see that a major increase over the previous funding level is crucial. We question the transfer of prior-year minor construction funds into CARES. During our site visits to all VHA medical centers over the past three years, we noted a recurrent theme in which facilities managers are routinely forced to divert funds from other priorities to repair roofs, replace boilers and upgrade utilities and life safety and other critical systems. The American Legion believes that these funds should be used for the purposes for which they were intended and that the "transfer authority" does not include monies designated for patient care.

The American Legion recommends $274 million for Minor Construction in FY 2007.

THE AGING OF AMERICA'S VETERANS

A landmark July 1984 study, *Caring for the Older Veteran*, predicted that a "wave" of elderly World War II and Korean Conflict veterans would occur some 20 years ahead of the elderly in the general U.S. population and had the potential to overwhelm the VA Long Term Care (LTC) system if not properly planned for. The most recent available data from VA, 2000 Census-based VETPOP2001Adjusted, show there were 25.6 million veterans in 2002. Of that number, 9.76 million, or 37 percent are aged 65 or older. According to the *2003 National Survey of Veteran Enrollees' Health and Reliance on VA* enrolled in VA healthcare 14 percent of the veteran population was under the age of 45, 39 percent were between the ages of 45 and 64, and 47 percent of veterans were 65 years or older. Compared to the 2001 Survey, in which the age distribution was 21 percent, 41 percent and 39 percent, respectively, it is clear that the "demographic imperative" predicted by the 1984 study is now upon us.

The study cited an "imminent need to provide a coherent and comprehensive approach to long-term care for veterans." Twenty–one years hence, the coherent and comprehensive approach called for has yet to materialize. The American Legion supports pending legislation that will require VA to publish a Long Term Care Strategic Plan within six months of enactment.

The Veterans Millennium Health Care and Benefits Act of 1999 provided VA authority to act on these projections. Based on an "aging in place" continuum of care model, VA was mandated to begin providing a variety of non-institutional services to aging veterans, including; home-based primary care, contract home health care, adult day health care, homemaker and home health aides, respite care, tele-health and geriatric evaluation and management.

On March 29, 2002, GAO issued a report that stated that nearly two years after The Millennium Act's passage, VA had not implemented its response to the requirements that all eligible veterans be offered adult day health care, respite care and geriatric evaluation. At the time of GAO's inquiry access to these services was "far from universal." While VA served about one-third of its 3rd Quarter 2001 LTC workload (23,205 out of an Average Daily Census of 68,238) in non-institutional settings, it only spent 8 percent of its LTC budget on these services. Additionally, VA had not even issued final regulations for non-institutional care, but was implementing the services by issuing internal policy directives, according to GAO. Of 140 VAMCs, only 100 or 71 percent were offering adult day health care in non-institutional settings.

By May 22, 2003, over one year later, GAO testified before the House Veterans' Affairs Subcommittee on Health that things had not improved and that veterans' access to non-institutional LTC was still limited by service gaps and facility restrictions. GAO's assessment showed that for four of the six services, the majority of facilities either did not offer the service or did not provide access to all veterans living in the geographic service area. GAO summed up the problem nicely when it testified that "[f]aced with competing priorities and little guidance from headquarters, field officials have chosen to use available resources to address other priorities."

In the area of nursing home care, VA is equally recalcitrant in implementing the mandates of the Millennium Act. The Act required VA to maintain its in-house Nursing Home Care Unit (NHCU) bed capacity at the 1998 level of 13,391. In 1999 there were 12,653 VA NHCU beds, 11,812 in 2000, 11,672 in 2001, 11,969 in 2002 and 12,339 beds in 2003. VHA estimates it had 11,000 beds in 2004 and projects only 8,500 beds for Fiscal Year 2005. VA claims that it cannot maintain both the mandated bed capacity and implement all the non-institutional programs required by the Millennium Act. Providing adequate inpatient LTC capacity is good policy and good medicine. The American Legion opposes attempts to repeal 38 U.S.C. § 1710B(b).

The American Legion believes that VA should take its responsibility to America's aging veterans seriously and to provide the care mandated by Congress. Congress should do its part and provide adequate funding to VA to implement its mandates.

State Extended Care Facility Construction Grants Program

Since 1984, nearly all planning for VA inpatient nursing home care has revolved around State Veterans Homes (SVHs) and contracts with public and private nursing homes. The reason for this is obvious; for Fiscal Year 2004 VA paid a per diem of $59.48 for each veteran it places in SVHs, compared to the $354.00 VA said it cost in FY 2002 to maintain a veteran for one day in its own NHCUs.

Under the provisions of title 38, United States Code, VA is authorized to make payments to states to assist in the construction and maintenance of SVHs. Today, there are 109 SVHs in 47 states with over 23,000 beds providing nursing home, hospital, and domiciliary care. Grants for Construction of State Extended Care Facilities provide funding for 65 percent of the total cost of building new veterans homes. Recognizing the growing long-term health care needs of older veterans, it is essential that the State Veterans Home Program be maintained as a viable and important alternative health care provider to the VA system. The American Legion opposes

attempts to place moratoria on new SVH construction grants and we find the $25 million appropriated in P.L. 109-114 for Fiscal Year 2006 unacceptable. State authorizing legislation has been enacted and state funds have been committed. The West Los Angeles State Veterans Home, alone, is a $125 million project. Delaying this and other projects will result in cost overruns from increasing building materials costs and may lead states to cancel these much–needed facilities.

The American Legion supports increasing the amount of authorized per diem payments to 50 percent for nursing home and domiciliary care provided to veterans in State Veterans Homes. The American Legion also supports the provision of prescription drugs and over-the-counter medications to State Homes Aid and Attendance patients, along with the payment of authorized per diem to State Veterans Homes. Additionally, VA should allow for full reimbursement of nursing home care to 70 percent service-connected veterans or higher, if the veteran resides in a State Veterans Home. The American Legion recommends $250 million for the State Extended Care Facility Construction Grants Program in FY 2007.

MEDICAL SCHOOL AFFILIATIONS

VHA and its medical school affiliates have enjoyed a long-standing and exemplary relationship for nearly 60 years that continues to thrive and evolve to the present day. Currently, there are 126 accredited medical schools in the United States. Of these, 107 have formal affiliation agreements with VA Medical Centers (VAMCs). More than 30,000 medical residents and 22,000 medical students receive a portion of their medical training in VA facilities annually. VA estimates that 70 percent of its physician workforce have university appointments. At some medical schools, 95 percent of medical staff at affiliated VAMCs have dual appointments.

VHA conducts the largest coordinated education and training program for health care professions in the nation and medical school affiliations allow VA to train new health professionals to meet the health care needs of veterans and the nation. Medical school affiliations have been a major factor in VA's ability to recruit and retain high quality physicians and to provide veterans access to the most advanced medical technology and cutting edge research; VHA research has made countless contributions to improve the quality of life for veterans and the general population.

The American Legion affirms its strong commitment and support for the mutually beneficial affiliations between VHA and the medical schools of this nation.

MEDICAL AND PROSTHETICS RESEARCH

VA's Medical and Prosthetic Research Service has a history of productivity in advancing medical knowledge and improving health care not only for veterans, but all Americans. VA research has led to the creation of the cardiac pacemaker, nicotine patch, and the Computerized Axial Tomography (CAT) scan, as well as other medical breakthroughs. Most recently, VA research has shown that an experimental vaccine against shingles prevented about 51 percent of cases of shingles, a painful nerve and skin infection, and dramatically reduced its severity and complications in vaccinated persons who got shingles. Over 3800 VA physicians and scientists conduct more than 9,000 research projects each year involving more than 150,000 research subjects.

The American Legion supports adequate funding for VA research activities, including basic biomedical research as well as bench-to-bedside projects. Congress and the Administration should encourage acceleration in the development and initiation of needed research on conditions that significantly affect veterans - such as prostate cancer, addictive disorders, trauma and wound healing, post-traumatic stress disorder, rehabilitation, and others jointly with DoD, the National Institutes of Health (NIH), other Federal agencies, and academic institutions. The American Legion recommends $469 million for Medical and Prosthetics Research in FY 2007.

NATIONAL CEMETERY ADMINISTRATION

The National Cemetery Administration (NCA) is charged with meeting the interment needs of the nation's veterans and their dependents. NCA is striving to meet its accessibility goal of 90 percent of all veterans living within 75 miles of open national or state veterans' cemeteries. There are approximately 14,200 acres within established installations in NCA. Just over half are undeveloped and, with available gravesites in developed acreage, have the potential to provide more than 3.6 million gravesites. More than 301,050 full-casket gravesites, 58,500 in-ground gravesites for cremated remains, and 37,900 columbarium niches are available in already developed acreage in our 120 national cemeteries.

National Cemetery Expansion

The NCA's budget proposal totaled $459 million and 1,566 FTE for Fiscal Year 2006. Of the total outlay projected for FY 2006, $170.6 million is for burial benefits, $156 million is for National Cemetery operations and maintenance. The FY 2006 outlay proposal earmarks $90.3 million for major and minor construction. This reflects the cemetery construction mandated by The Veterans Millennium Health Care and Benefits Act, P. L. 106-117, which required NCA to establish six new National Cemeteries. The first, Fort Sill, opened in 2001 under the fast-track program, while the remaining five – Atlanta, Detroit, South Florida, Pittsburgh and Sacramento – are in various stages of development.

The American Legion supported P. L. 108-109, the National Cemetery Expansion Act of 2003 authorizing VA to establish new national cemeteries to serve veterans in the areas of: Bakersfield, Calif.; Birmingham, Ala.; Jacksonville, Fla.; Sarasota County, Fla.; southeastern Pennsylvania; and Columbia-Greenville, S.C. All six areas have veteran populations exceeding 170,000, which is the threshold VA has established for new national cemeteries.

Congress must provide sufficient major construction appropriations to permit NCA to accomplish its stated goal of ensuring that burial in a national or state cemetery is a realistic option by locating cemeteries within 75 miles of 90 percent of eligible veterans.

National Shrine Commitment

Maintaining cemeteries as National Shrines is one of NCA's top priorities. This commitment involves raising, realigning and cleaning headstones and markers to renovate gravesites. The work that has been done so far has been outstanding; however, adequate funding is key to maintaining this very important commitment. At the rate that Congress is funding this work, it will take 28 years to complete. The American Legion supports NCA's goal of completing the National Shrine Commitment in five years. This Commitment includes the establishment of standards of appearance for national cemeteries that are equal to the standards of the finest

cemeteries in the world. Operations, maintenance and renovation funding must be increased to reflect the true requirements of the NCA to fulfill this Commitment. The American Legion recommends $174 million for the National Cemetery Administration in FY 2007.

State Cemetery Construction Grants Program
The FY 2006 budget requested $32 million for State Veterans Cemetery Grant Program. This is "no-year money" and so any monies not spent in the previous fiscal year can be carried over into the next fiscal year. This program is not intended to replace National Cemeteries, but to complement them. Grants for state-owned and operated cemeteries can be used to establish, expand and improve on existing cemeteries. Currently there are 61 operating state cemeteries in 32 states. In FY 2004, NCA supported State cemeteries provided more than 19,000 interments. NCA currently has 43 active applications for grants to build new state cemeteries and expand existing ones.

Since NCA concentrates its construction resources on large metropolitan areas, it is unlikely that new national cemeteries will be constructed in all states. Therefore, individual states are encouraged to pursue applications for the State Cemetery Grants Program. Fiscal commitment from the state is essential to keep the operation of the cemetery on track. NCA estimates it takes about $300,000 a year to operate a state cemetery. The American Legion recommends $47 million for the State Cemetery Grants Program in FY 2007.

CONCLUSION

The American Legion appreciates the opportunity to present its views and estimates on programs that will affect: veterans, service members and their families. We ask that the Committee take into consideration these views and estimates as the Committee formulates the FY 2007 Budget Resolution. We also ask the Committee not to forget the sacrifices and contributions made by America's veterans and their families as the budget priorities are determined for FY 2007.