STATEMENT OF
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NATIONAL LEGISLATIVE COMMISSION
THE AMERICAN LEGION
TO THE
COMMITTEE ON BUDGET
UNITED STATES SENATE
ON
FISCAL YEAR 2008 VIEWS AND ESTIMATES

FEBRUARY 12, 2007

Mr. Chairman and Members of the Committee:

As you and your colleagues begin deliberations on the FY 2008 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 deeply concerned that the budget resolution will once again, especially in the out-years, 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 budgetary 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 the 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 congressional committees, Federal entities and obtain information from the Congressional Budget Office (CBO). Although not a congressional committee or a Federal entity, The American Legion—the largest, 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 joint program of the Department of Defense (DoD) and Department of Education, *Troops to Teachers* that was established in 1994 by the National Defense Authorization Act for FY 1993. 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 the threats to our nation because of our country's 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 illegals, and 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 the 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 United States 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 has supported 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 of the United States to appropriate $12.1 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 has been involved 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 has promoted and distributed educational and prevention literature

concerning the national issue of drug abuse through our Posts, to the schools and other community-based youth organizations. During the years of 1970 to 2001, for example, over 4.2 million 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.

That 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 $1.63 billion for the Drug Enforcement Administration; $927 million for DoD; and $975 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 Justice and Delinquency Prevention (OJJDP):

- 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 OJJDP and openly opposes any and all efforts to eliminate this Office and its programs. The American Legion views OJJDP and its programs as the only national defense against the escalation of juvenile crime in America.

The American Legion urges Congress to appropriate $313 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 OJJDP 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 our 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 our nation's greatest natural resource - our children and youth. The American Legion urges Congress to continue its support by appropriating $740 million to fund these programs, including the Comprehensive Health Care for Children and Youth programs.

ECONOMICS

Homeless Veterans

VA has estimated that there are at least 195,000 homeless veterans each night in America and approximately 500,000 are homeless in a given year. The current Administration has vowed to end the scourge of homelessness within ten years. While veterans comprise less than nine percent of the nation's population, 34 percent of the nation's homeless are veterans and 75 percent of those are wartime veterans. For FY 2006 there were only 101,182 veterans enrolled in the VHA program leaving over 90,000 veterans who are either not receiving health care through the VA or possibly none at all.

The numbers of Operation Iraqi Freedom (OIF)/Operation Enduring Freedom (OEF) homeless veterans are beginning to increase with 1049 Healthcare for Homeless Veterans (HCHV) intakes

since August 2005 (non-OIF 67,001) which equates to 2.5 percent of 600,000 OIF/OEF veterans who served in theater.

The Department of Housing and Urban Development (HUD) is unable to start any new permanent housing projects with the current continuing resolution in place.

With a modest $210 million increase they could implement new programs to help homeless individuals.

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 ending homelessness within the next ten years.

The American Legion supports the Department of Housing and Urban Development request for at least $1.6 billion for their homeless programs and to reinstate the HUD -VASH program that was highly successful.

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 Service 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 funding the Grant and Per Diem Program for a five-year period instead of annually and supports increasing the funding level to $200 million annually.

GI Bill Education Benefits

The American Legion commends the 110th Congress for its actions to improve the 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, less than one-half of these military personnel use any of the current MGIB benefits. The American Legion believes that this is related to the fact that current MGIB benefits have not kept pace with the increasing cost of education. According to "The College Board," a not-for-profit membership association that includes more than 5,000 schools, colleges, universities, and other educational organizations, the average cost of attending a four-year public institution or university is $16,400. "The College Board" estimates that the average family of a private-college student will probably still have to come up with $23,000 for 2006-2007.

On October 1, 2006, the basic monthly rate of reimbursement under MGIB was raised to $1,075 per month for a successful four-year enlistment and $873 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 $309 per month.

Since the implementation of the new MGIB in 1985, 3.9 million individuals entered active duty for the first time on or after July 1, 1985. Of that number, about 2.8 million have or "agreed to have their pay reduced" for the opportunity to use the MGIB-AD benefit. In order to participate, the service member must have their pay reduced by $1,200 over the first year of their enlistment. Almost 1.2 million service members have used some part of their MGIB entitlement equating to 43 percent usage of those members who had their pay reduced. Approximately 1.6 million have not used their benefits and stand to lose those benefits and the money they contributed after the 10-year delimiting date.

The following chart reflects those service members and veterans who have used portions of their MGIB benefit for 2006.

	Total Trained during year (AD/SR/REAP)	MGIB-AD	MGIB-SR	REAP
2006	422,036	332,184	66,105	23,747

The American Legion recommends the 110th Congress make the following improvements to the current veterans education benefits:

1. Move MGIB-SR from Title 10, the United States Code (USC) to Title 38 USC;

2. Authorize VA administrative authority for both the MGIB and the MGIB-SR;

3. Require annual appropriations for the MGIB and the MGIB-SR become one annual appropriation within the VA;

4. Eliminate the ten-year delimiting period for veterans to use MGIB educational benefits;

5. Enact legislation that would allow all Reservists and National Guard members to use their MGIB-SR benefits for up to ten years after separation;

6. Authorize VA to create an MGIB-SR participant reimbursement rate adjusted for time spent on Federalization activation, State activation, and normal service for a period not to exceed 36 months;

7. Require the dollar amount of the entitlement to be indexed to the average cost of 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;

8. Require the educational cost index should be reviewed and adjusted annually;

9. Authorize a veteran enrolled in the MGIB acquired educational loans prior to enlisting in the Armed Forces, to use the MGIB benefits to repay existing educational loans;

10. Authorize a monthly tax-free subsistence allowance indexed for inflation as part of the educational assistance package;

11. Authorize automatic enrollment in the MGIB upon enlistment, however, benefits will not be awarded unless eligibility criteria have been met;

12. Authorize that enrolled veteran in the MGIB who becomes eligible for training and rehabilitation under Chapter 31 of Title 38, USC, receive the same MGIB educational benefits;

13. Terminate the current military payroll deduction ($1200) required for enrollment in MGIB;

14. Authorize a veteran to 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;

15. Prohibit charging of interest and penalties for student loans on a veteran serving in an Federal or state activated capacity;

16. Require the Department of Education to abide by the Service Members Relief Act to include that penalties and interest do not accrue while the veteran is activated or when the veteran has returned to the US and is now a disabled veteran;

17. Authorize separating service members and veterans seeking a license or credential to use MGIB educational benefits to pay for the cost of taking any written or practical test or other measuring device;

18. Amend Title 38, USC, to restore the reimbursement rate for correspondence and distance learning training to 90 percent of tuition;

19. Make the MGIB eligibility available to pay for all necessary civilian license and certification examination requirements, including necessary preparatory courses;

20. Authorize any veteran with six years of service to be qualified to transfer education entitlements upon re-enlistment for four years;

21. Authorize DoD to continue its practice to offer Recruitment and Retention incentives, such as college funds, enlistment bonuses, re-enlistment bonuses, and loan repayments;

22. Enact legislation to amend Title 38, USC, Section 3017, to provide for payment of the $1200 death benefit during the 10-year eligibility period in the event of a catastrophic disability or death, not the result of the veteran's willful misconduct;

23. Prohibit charging interest and penalties by the Department of Education or its designatee for service-connected disabled veterans;

24. Eliminate employment barriers that impede the transfer of military job skills to the civilian labor market;

25. Authorize DoD to take appropriate steps to ensure that service members be trained, tested, evaluated and issued any licensure or certification that may be required in the civilian workforce; and

26. Increase the civilian labor market's acceptance of the occupational training provided by the military.

Historically, The American Legion has encouraged the development of essential benefits to help attract and retain service members into the Armed Services, as well as to assist them in making the best possible transition back to the civilian community. These historic pieces of legislation, authored by the leadership of The American Legion, enabled veterans to purchase their first homes, attend college, and start businesses. The emergence of the American middle class, the suburbs, civil rights, and a worldwide economic boom can be attributed to this important legislation. The majority of individuals who join the National Guard or Reserves enter the Armed Forces straight out of high school, and many are full or part time students.

Among bachelor's degree recipients in 1999-2000, those who began their studies in four-year public colleges and universities took an average of 6.2 years to earn their degrees, and those who began in four-year private institutions took an average of 5.3 years to earn their degrees.

It is important to note that with the number of activations since 9/11, these same Reservists who are attending colleges and universities around the country are discovering that their actual graduation date may be extended well past their initial anticipated graduation date due to their military obligations. It is important that VA provide viable educational programs to the Reserve and Guard forces as their commitment to the Global War on Terror increases.

Vocational Rehabilitation and Employment Service (VR&E)

The American Legion supports the VR&E's primary mission to help qualified, service-disabled veterans achieve independence in daily living and, to the maximum extent feasible, obtain and maintain suitable employment. As a nation at war, there continues to be an increasing need for VR&E services to assist Operations Iraqi Freedom and Enduring Freedom veterans in reintegrating into independent living, achieving the highest possible quality of life, and securing meaningful employment. To meet America's obligation to these specific veterans, VA leadership must focus on marked improvements in case management, vocational counseling, and—most importantly — job placement.

There are scores of employment opportunities within the federal government that educated, well-trained, and motivated veterans can fill—given a fair and equitable chance to compete. Veterans

Preference in federal hiring plays an important role in guiding veterans to career possibilities within the federal government and must be preserved. Working together, all federal agencies should identify those vocational fields, especially those with high turnover rates, suitable for VR&E applicants. Career fields like information technology, claims adjudications, debt collection, etc., offer employment opportunities and challenges for career-oriented applicants that also create career opportunities outside the federal government.

Several reports published by GAO have cited VA as lacking in its efforts to find employment for disabled veterans. Employment programs have historically been marketed to veterans as an education program and not an employment program. Many veterans attend universities and colleges with few enrolled in training programs such as apprenticeships and on-the-job training that can lead to direct job placement. However, in FY 04 the VR&E service program instituted a number of recommended changes to re-focus the program to become more employment oriented. The "5-Track Employment Model" is a pilot project initiated in October 2004 and completed in September 2005 in four areas of the country.

Elements of this model include a "Job Resource Lab" comprising of:

- An Employment Resource Center for:
    - Veterans
    - Employment Coordinators
    - Vocational Rehabilitation Counselors and Counseling Psychologists
- Resource for Labor Market Information
- Resource for Job Readiness Assistance
- Internet-Based Employment Resource
- An on-line employment services system to support;
    - Veterans
    - VR&E staff
    - Working Partners
- Virtual one-stop employment network

The VR&E's Job Resource Labs are to be placed in all VA regional offices by the end of 2006. The American Legion applauds this initiative and will be monitoring the implementation phase of the Job Resource Labs. GAO has also cited exceptionally high workloads for a limited number of staff members at VR&E offices. This increased workload hinders the staff's ability to effectively assist individual veterans with identifying employment opportunities. It is vital that Congress approve this request to adequately address the expected increase of veterans needing assistance.

The 2004 VA Vocational Rehabilitation and Employment Task Force report cited that VR&E had made no significant improvements since the 1996 GAO report. In FY 05 and earlier, many states did not refer veterans from the VR&E program to the Veterans Employment and Training Service (VETS-DOL) for assistance in obtaining employment. Veterans with high-tech skills and advanced education were referred to expensive commercial placement agencies that do not specialize in employment assistance for veterans. Due to the lack of interagency coordination, VETS representatives in states such as Michigan reported seeing "more referrals then we can handle" due to the shortages of DVOPs and LVERs and the worsening employment situation in the state. However, in Texas, the VETS program and the VR&E program are still completely

separate and do not coordinate. Previously, The American Legion has stated that some VR&E counselors had not effectively communicated with their VETS counterparts. That situation has improved in a number of states. Some VETS representatives have commended their VR&E counterparts for their willingness to improve the communication process in order to increase services to veterans.

The American Legion recommends exploring possible training programs geared specifically for VR&E Counselors through the National Veterans Training Institute (NVTI). Contracting for standardized or specialized training for VR&E employees could very well strengthen and improve the overall program performance. NVTI serves as a valuable resource for VETS employment specialists and has contributed to a marked improvement in VETS performance. We are pleased to note that VETS and VR&E representatives report that VR&E counselors began training at the NVTI site in January 2006.

The American Legion applauds the efforts of VR&E to create and publish national performance standards for both the VR&E Officer position and the Vocational Rehabilitation Counselor/Counseling Psychologist positions. The progress that management is making will go a long way in ensuring an adequate system for evaluating the effectiveness of the VR&E Service in place.

It seems that the VR&E program has remained in a perpetual state of transition for the past 25 years, according to numerous GAO and VA reports. The 2004 Task Force report stated that the VR&E system must be redesigned for the 21st Century employment environment. The American Legion continues to support strong leadership and continued verification of the recommendations made in the 2004 task force report. Additional FTE requirements along with an increased workload of veterans expected to use the program services require additional funding.

Home Loan Guaranty Program

VA's Home Loan Guaranty program has been in effect since 1944 and has guaranteed about 18.2 million veterans the opportunity to purchase homes since 1944 totaling about $980 billion. From Fiscal Year 02 through 06, VA guaranteed 1.45 million loans totaling about $193 billion. The average loan amount as of September 30, 2006 was $178,000.

The Home Loan programs offer 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 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 approximately $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. Specially adapted housing grants are available for the installation of wheelchair 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.

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.

Veterans' Employment And Training Service (VETS)

The American Legion's position regarding VETS programs is that this is and should remain a national program with federal oversight and accountability. The American Legion is eager to see this program grow and especially would like to see greater expansion of entrepreneurial based, self-employment opportunity training. 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. Annually, Department of Defense (DoD) discharges approximately 300,000 service members into the private sector, of which 90,000 are either National Guard or Reservists. Recently separated service personnel will seek immediate employment or elect some form of self-employment. 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;
- Identify military occupations that require licenses, certificates or other credentials at the local, state, or national levels and assist with the transfer of licensure;
- Eliminate barriers to recently separated service personnel and assist with 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; and
- Increase training opportunities, support and options for veterans who seek self-employment and entrepreneurial careers in creation of their own small business.

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 today's active duty service members, especially those returning from combat in Iraq and Afghanistan, transition into the civilian world. Education, vocational and entrepreneurial 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 preference be given to qualified disabled veterans in appointment to DVOP specialist positions. Title 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 and should be additionally educated to be able to address the needs of veterans who desire entrepreneurial support.

The American Legion recommends that at least $30 million be used for the Homeless Veterans Reintegration Program (HVRP) of the $230 million recommended for "VETS".

Make Participation in Transitional Assistance Program (TAP)/Disabled Transitional Assistance Program (DTAP) a Requirement

DoD estimates that 68 percent of separating service members attends the full Transitional Assistance Program (TAP) seminars and only 35 percent of the Reserve components attend. The American Legion believes this low attendance number is a disservice to all transitioning service members, especially the reserve component. Currently, numerous 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, and the number of destroyed and bankrupt businesses due to military deployment is still being realized. 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 endorses the belief that service members would greatly benefit by having access to the resources and knowledge that the TAP and Disabled Transitional Assistance Program (DTAP) can provide. The TAP/DTAP program needs to be updated to recognize the large number of guard and reserve business owners who now require training, information and assistance when they attempt to salvage or recover from a business which they abandon to serve their country.

Service Members Occupational Conversion and Training Act

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 that DoD has determined is 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 the veterans acquired while serving in the military. This program improved employment opportunities for transitioning service members.

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. Currently, 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 legislation 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 also provide tax credits up to $30,000 for small businesses with service members who are activated.

Additionally, the Office of Veterans' Business Development within the SBA remains crippled and ineffective due to a token funding of $750,000 per year. This amount, which is less than the office supply budget for the SBA, is expected to support an entire nation of veteran entrepreneurs. The American Legion feels that this token amount is an insult to American veteran business owners, and undermines the spirit and intent of P.L. 106-50. The American Legion strongly supports legislation to provide additional relief for small business owners ordered to active duty as members of reserve components of the Armed Forces, and for other purposes.

The American Legion recommends that the SBA Office of Veterans Business Development annual budget be immediately increased to a minimum of $2 million and the office of Veterans Contracting Assistance be immediately reinstated.

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 because absence from a highly competitive job market creates an unfair and unequal burden on veterans who have been absent from the market while serving their country.

The American Legion suggests that the Office of Personnel Management (OPM), which has the task of monitoring compliance of veterans' preference within all federal agencies subject to Title 5, United States Code, create an Office of Veterans Affairs within OPM to ensure that all agencies are in compliance with veterans' employment preferences.

FOREIGN RELATIONS

The American Legion is a strong supporter of the U.S. State Department and the various functions it performs for the American public overseas. The United States Department of State is the first line of defense of the nation in combating the myriad of security threats that face America from abroad.

The State Department and its affiliated organizations are charged with a number of important missions; managing diplomatic coalitions with other countries and international institutions, promoting peace and stability in regions of vital interest, bringing nations together to address

global challenges, creating jobs at home by opening markets abroad, and helping developing nations establish stable economic environments to provide investment and export opportunities.

The State Department has historically been allocated just little more than 1% of the total federal budget to accomplish all of these tasks in contrast to the approximately 16% spent on defense. However, in recent years the State Department's responsibilities have expanded enormously to include combating threats from terrorism, international crime, and narcotics trafficking.

Overall International Affairs Budget	**American Legion's FY 08 Recommendation**
	$36.6 Billion
State and Foreign Operations Combined FY07 Request $ 33.79 billion FY07 Senate $ 31.50 billion FY07 House $ 30.91 billion FY06 Enacted $ 30.33 billion	$35.1 Billion
	$24 Billion Increase reflects continuing rising costs for global health programs and economic and education assistance programs for developing nations.
Department of State Operations FY07 Request $ 10.07 billion FY07 Senate $ 9.67 billion FY07 House passed $ 9.61 billion FY06 Enacted $ 9.48 billion	$11.1 Billion Increase reflects anticipated cost for over-seas building and security needs and increased Diplomatic Corp re-configuration costs and new personnel requirements.
International Agriculture Programs FY 2007 Request $ 1.31 billion FY07 Senate $ 1.32 billion FY07 House $ 1.31 billion FY 2006 Enacted $ 1.23 billion	$1.5 Billion Increase to reflect changing climatic, political and economic factors surrounding current Agriculture and farming programs, especially in Africa and Sub-Sahara States.

The American Legion vigorously supports funding for the United States Department of State in order that it can maintain a credible initial deterrent to international threats to the United States and effectively promote American interests abroad.

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. The American Legion believes that our armed forces should be resourced and have the capacities to protect its national security interests to include fighting the Global War on Terrorism. The Army appears to be under-resourced.

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.

Manpower And Weapons Systems

The President's fiscal year 2008 Defense budget request will require continued supplemental defense spending to sustain the Global War on Terror while maintaining the war-fighting capabilities of the armed forces. For years, the increased OPTEMPO of the Global War on Terror and budgetary shortfalls have had a devastating impact on military readiness, modernization, and personnel. The FY 2006 and FY 2007 Defense Appropriations Acts have made significant fiscal improvements to previous defense budgets. Those Defense Appropriations Acts in military spending have represented 3.3 percent or more of Gross Domestic Product (GDP) which is commendable.

The FY 2007 Defense Authorization Act authorized $512.9 billion, which included $50 billion for war costs. The FY 2008 defense authorization bill, in our review, should include higher 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 without increasing TRICARE fees. The FY 2008 defense budget should continue to include a 2007 supplemental authorization to spend $100 to $130 billion for the wars in Iraq and Afghanistan to include the sending of an additional 21,500 troops to Operation Iraqi Freedom. Authorizations for continued higher spending on modernization should include the resetting, repairing and procuring of Army weapons systems and equipment; continued spending for development of, and fielding, Joint Strike Fighters for the Air Force and Navy, and procurement of more F-22A Raptor fighter jets and aerial refueling tankers for the Air Force. 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 of levels that represent <u>at least</u> 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 fighting the wars in Iraq and Afghanistan. America cannot afford to lose those wars nor have our armed forces return to the dark days of the "hollow force." The American Legion recommends:

- Active-duty manpower levels should be increased by 65,000 in the Army and 27,000 in the Marine Corps over a five-year period as recommended by the Secretary of Defense.
- The Army should maintain 12 fully manned, equipped, and trained combat division equivalents.
- The Navy should maintain at least 12 aircraft carrier battle groups and a viable strategic sealift capability. The Navy needs to build more warships at a quicker rate so as to maintain our naval supremacy.
- The Air Force should maintain at least 15 fighter wings, a strategic bombing capability, an Intercontinental Ballistic Missile capability and global strategic air transport capabilities. The Air Force requires more immediate modernized aerial refueling capabilities.
- Providing for a 3.5 percent military pay raise in light of the smaller 2.2 percent pay raise approved last year.
- Funding the continued development and deployment of the national missile defense system.
- Upgrading National Guard and Reserve compensation and retirement systems 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.
- BRAC military construction funding should be approved for the construction of the Walter Reed National Military Medical Center at the National Naval Medical Center at Bethesda, Maryland and the expansion of the Army Community Hospital at Ft. Belvoir, Virginia.

Force Structure

The current active-duty personnel level is approximately 1.65 million. Military leaders have been making up manpower shortages by increasing the operations tempo and rotations to combat zones 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. These deployments are core elements of the likely recruitment and retention problems which have confronted the Army.

Congress in the FY 2007 National Defense Authorization Act provided the Army and Marine Corps with additional authority to increase their active end strengths by 10,000 and 3,000 spaces, respectively. Provided that the Army can adequately recruit this additional manpower authorization over the long term, 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 with 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. 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 Army and the Marine Corps have got to be immediately funded to reset their combat forces so as to maintain their readiness.

The American Legion recommends restoring former military force structures and increasing active duty end strengths so as to improve military readiness and 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 interests than to suffer the consequences of maintaining inadequate force structures or military non-readiness, especially during time of war.

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

Quality-of-Life

Another major concern is the enhancement of quality-of-life issues for active-duty 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.

Moderate increases 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 3,000 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 maintained or 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, 2007.
- Military pay raises and allowances should be increased by 3.5 percent or more.
- The full concurrent receipt (repeal of "disabled veterans' tax") of military retirement pay and veteran's disability compensation for all disabled military retirees needs to be fully funded; both Concurrent Retirement and Disability Payment (CRDP) and Combat-Related Special Compensation (CRSC) need 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. Frankly, The American Legion has been calling for an increase in Army manpower for years, and now, perhaps more resourcing of all the Services if we are to have the capabilities for fighting more than one war simultaneously.

Homeland Security

Congress cleared over $32 billion in fiscal 2007 for Homeland Security spending 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 of 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 and development of 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 streamlined funding by FEMA will likely be required to reconstruct those areas which were devastated by Hurricanes Katrina and Rita.

DPMO/JPAC Funding

The POW/MIA issue is of paramount concern to The American Legion. The Legion's Mandate on this issue commits us to keep the spotlight on securing the full accounting for all POW/MIAs

from the Gulf War, the war in Southeast Asia, the Cold War, the Korean War and World War II. Full accounting means the return of live POWs, the repatriation of their remains, or convincing evidence when neither of these is possible. The American Legion continues to urge full funding for the Defense POW/Missing Personnel Office (DPMO) and the Joint POW/MIA Accounting Command (JPAC) to continue in their missions to formulate and implement policies and execute field activities for research and recovery of service-member's remains.

VETERANS AFFAIRS AND REHABILITATION

Veterans Health Administration

The Department of Veterans Affairs' (VA's) standing as the nation's leader in providing safe, high-quality health care in the health care industry (both public and private) is well documented. Now VA is also recognized internationally as the benchmark for health care services:

- December 2004, RAND investigators found that VA outperforms all other sectors of the U.S. health care industry across a spectrum of 294 measures of quality in disease prevention and treatment;
- In an article published in the **Washington Monthly** (Jan/Feb 2005) "The Best Care Anywhere" featured the VA health care system;
- In the prestigious **Journal of the American Medical Association** (May 18, 2005) noted that VA's health care system has "... quickly emerged as a bright star in the constellation of safety practice, with system-wide implementation of safe practices, training programs and the establishment of four patient-safety research centers";
- The **U.S. News and World Report** (Jul 18, 2005) issue included a special report on the best hospitals in the country titled "Military Might—Today's VA Hospitals Are Models of Top-Notch Care" highlighting the transformation of VA health care;
- **The Washington Post** (Aug 22, 2005) ran a front-page article titled "Revamped Veterans' Health Care Now a Model" spotlighting VA health care accomplishments;
- In 2006, VA received the highly coveted and prestigious "Innovations in American Government" Award from Harvard's Kennedy School of Government for its advanced electronic health records and performance measurement system; and
- Recently, in January 2007, the medical journal **Neurology** wrote: "The VA has achieved remarkable improvements in patient care and health outcomes, and is a cost-effective and efficient organization."

To maintain VA's reputation for providing outstanding quality of care must remain a national priority. Although VA is considered a national resource, the Secretary of Veterans Affairs still must prohibit the enrollment of any new Priority Group 8 veterans, even if they are Medicare-eligible or have private insurance coverage. This prohibition is not based on their honorable military service, but rather on limited resources provided to the VA medical care system. For two years following receiving an honorable discharge, veterans from Operations Enduring Freedom and Iraqi Freedom are welcomed with open arms, but many of their comrades in arms and veterans of other armed conflicts may very well be denied enrollment due to limited existing appropriations. This is a national tragedy.

All veterans who are eligible to receive benefits from VA should have timely access to the VA health care system. Honorable military service is an individual commitment to this nation. In return for honorable military service, the "thanks of a grateful nation" should not be simply a conditional benefit rather than universal benefit, irrespective of the quality or length of service. As the Global War on Terrorism continues, fiscal resources for VA will continue to be stretched and veterans will continue to go to their elected officials requesting additional money to sustain a viable VA. A viable VA is one that cares for all veterans, not just the most severely wounded or economically disadvantaged among us. VA is often the first experience veterans have with the Federal government after leaving the military. This nation's veterans have never let our country down; Congress and VA should do its best to not let veterans down.

Quality, timely accessible, VA health care is the on-going price of war. It is unconscionable to send young men and women who make up the armed forces, to every corner of the globe, and then limit the funding to take care of their injuries. VA was created to take care of the unique needs of a very specific population, those that wear the uniform. Once that uniform comes off, they should be able to depend upon the VA health care system – regardless of the injury or severity of it. Many will need health care for the rest of their lives. The American Legion calls upon the VA health care system to ensure the very best health care for the nation's heroes.

Department of Veterans Affairs' (VA's) Primary Accounts	**The American Legion's FY 2008 Budget Request**
Medical Care	$36 billion
Medical Care Collections	$2.1 billion*
Medical & Prosthetics Research	$472 million
Construction	
• Major	$348 million
- CARES	$1 billion**
• Minor	$279 million
State Grants for Extended Care Facilities	$250 million
State Grants for Veterans' Cemeteries	$42 million
National Cemetery Administration	$178 million
General Administration	$2.2 billion

*** Third-party reimbursements should supplement rather than offset discretionary funding.**
****The construction requirements outlined in CARES alone would require $1 billion in addition to other VA Major Construction Projects.**

Mandatory Funding of VA Medical Care

The American Legion continues to support legislation that would establish a system of capitation-based funding for VA medical care. This new funding system would provide all of VA medical care funding, except that of the State Extended Care Facilities Construction Grant Program, which would be separately authorized and funded as discretionary appropriations. VA is currently 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 delivery system 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 seeking VA health care.

Third-Party Reimbursements

The Balanced Budget Act of 1997, Public Law 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 to provide VA medical care and services and for VA expenses for identification, billing, auditing and collection of amounts owed the Federal government.

All veterans seeking enrollment to VA health care agree to allow VA to bill their health care insurers (private and public) for third-party reimbursement for reasonable charges for health care provided. Although there are enrolled veterans with third-party insurers that cooperate with VA, there are others with no health care coverage, third-party coverage unwilling to reimburse VA, or health care coverage VA is prohibited from billing to include the nation's largest Federal health insurance program, Medicare.

Government Accountability Office (GAO) reports have described continuing problems in VA's ability to capture insurance data in a timely and correct manner. GAO has raised concerns about VA's ability to maximize its third-party collections. At three medical centers visited, GAO found an 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. When a VA medical care facility is unable to meet its collection goal, the facility suffers a real budgetary shortfall that results in managerial decisions, such as rationing of care, delays in building maintenance, equipment backlogs, or even hiring freezes of health care providers.

The American Legion opposes offsetting annual VA discretionary funding by the arbitrarily set MCCF goal, especially since VA is prohibited from collecting any third-party reimbursements from the nation's largest Federally mandated, health insurer—Medicare. In addition, VA is not even give credit for the billions of dollars it saves the Centers for Medicare and Medicaid Services (CMS) because of this prohibition. Over half of VA's current patient population is Medicare-eligible.

Medicare Reimbursements

As do most American workers, veterans pay into the Medicare system without choice throughout their working lives, including while on active duty. A portion of each earned dollar is allocated to the Medicare Trust Fund and, although veterans must pay into the Medicare system, VA is prohibited from collecting any Medicare reimbursements for the treatment of allowable, non-service-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 VA for the treatment of allowable, nonservice-connected medical conditions of enrolled Medicare-eligible veterans.

VA Construction

For several years prior to and during the Capital Assets Realignment for Enhanced Services (CARES) process, Congress restricted funding for construction needs throughout VA. The hold out, presumably, was for the development of a coherent national plan that will define the infrastructure VA will need in the decades to come. VA has developed that plan and it is CARES.

The CARES process identified more than 100 major construction projects in 37 states, the District of Columbia, and Puerto Rico. Construction projects are categorized as major if the estimated cost is over $7 million. Now that VA has a plan to deliver health care through 2022, it is up to Congress to provide adequate funds.

The CARES plan calls for, among other things, the construction of new hospitals in Orlando and Las Vegas, and replacement facilities in Louisville and Denver for a total cost estimated to be well over $1 billion for these four facilities. VA has not had this type of progressive construction agenda in decades. Major construction money can be significant and proper utilization of funds must be well planned.

Construction	
• Major	$348 million
- CARES	$1 billion
* New Facilities Orlando, FL	
Las Vegas, NV	
** Replacement Facilities Louisville, KY	
Denver, CO	
• Minor	$279 million

Information Security

The data theft that occurred in May serves as a monumental wake up call to the nation. VA can no longer ignore Information Technology (IT) security. VA has shown it can be a leader in the areas of care and service. Its accomplishments, from providing high quality medical care to leading the world in the development of electronic records, are indicators that VA can also be the nation's leader in IT security.

The American Legion believes that there should be a complete review of IT security government wide. VA isn't the only agency within the government that needs to overhaul its IT security protocol. I urge Congress to exercise its oversight authority and review each Federal agency to ensure that the personal information of all Americans is secure.

The American Legion believes that VA's focus in research should remain on understanding and improving treatment for conditions that are unique to veterans. The Global War on Terrorism is predicted to last at least two more decades. Service members are surviving catastrophically disabling blast injuries due to the superior armor they are wearing in the combat theater and the timely access to quality triage. The unique injuries sustained by the new generation of veterans clearly demand particular attention. It has been reported that VA does not have state-of-the-art prostheses like DoD, and that the fitting of the prostheses for women has presented problems due to their smaller stature.

Veterans Benefits Administration

Included within the President's annual request is a detailed outline of the mandatory and discretionary funding needed by the Veterans Benefits Administration (VBA). Given VBA's many challenges and responsibilities, which include the annual expenditures for compensation, pension, and related benefit payments, it is imperative that Congress ensure that VBA's programs have the personnel and other resources necessary to operate efficiently and provide quality, timely service. The budget debate process and oversight hearings provide opportunities to evaluate how well VBA is, in fact, performing and whether the needs and expectations of its stakeholders are being met.

Over the past several years, VBA has proceeded with the implementation of its long-term strategic plans to hire and train a new cadre of adjudicators, continue the computer modernization program, and institute a variety of procedural and programmatic changes intended to improve the claims adjudication process. However, external forces, such as the enactment of legislation providing new benefits and medical care services, and precedent decisions of the courts continue to play a major role in changing VBA's plans, policies, and operations. VBA's efforts to address these varied and complex issues have profound budgetary and operational implications.

One of the most significant challenges that VBA is still grappling with is the sheer size of the backlog of pending claims and appeals. These are usually multi-issue cases with complex, time-consuming medical and legal issues that must be addressed. The American Legion believes the backlogs are a symptom of unresolved systemic problems that continue to adversely affect the adjudication and appeals process and further contributes to the backlogs. These problems include frequent decision-making errors, lack of compliance with the Veterans' Claims Assistance Act of 2000 (VCAA), lack of personal accountability, ineffective quality control and quality assurance, inadequate training, and an unreliable work measurement system. VBA is faced with a serious dilemma. While endeavoring to address these thorny issues, it is aggressively trying to process claims faster. From the results, it does not appear they have found a way to successfully balance these competing priorities.

As of January 20, 2007, there were more than 398,000 rating cases pending in the VBA system. Of these, 112,392 (28.2 percent) have been pending for more than 180 days. According to the VA, the appeals rate has also increased from a historical rate of about 7 percent of all rating decisions being appealed to a current rate that fluctuates from 11 to 14 percent. This equates to more than 155,000 appeals currently pending at VA regional offices, with more than 136,000 requiring some type of further adjudicative action. Additionally, there are currently more than 31,000 appeals pending at the Board of Veterans' Appeals and more than 14,000 remands pending at the Appeals Management Center.

As previously noted, The American Legion remains concerned by the problems arising from the general lack of compliance with the duty to notify and duty to assist provisions of the VCAA. This legislation was one of the most significant, pro-veteran changes in the VA claims adjudication system in the past decade. However, VBA continues to give only lip service to this law. While claimants receive what VA terms a "VCAA" letter, it is generally not very informative about what evidence is needed to grant the benefit sought in the particular claim. These letters are usually long and confusing, not very specific, and full of bureaucratic language. Rather than helping the individual with the development of the claim, such letters frequently generate more questions, phone calls, and correspondence to their representative or the regional office. In the end, the type of VCAA letter currently in use serves to delay rather than facilitate the claims process.

While VBA's current work measurement system does not directly contribute to either the claims or appeals backlog, it is, nonetheless, the background within which the adjudication process takes place. It is also the means by which individual and station performance is tracked and evaluated and is relied upon in determining staffing needs at the station, region, and service levels, in support of VBA's annual budget request. A serious problem can arise, if the data developed by the work measurement system is neither accurate nor reliable in reporting the actual amount of work accomplished. This produces a distorted view of the way the program is operating and what the true staffing needs are, both locally and system-wide.

The American Legion believes VBA's current work measurement system is seriously flawed. It provides neither VBA nor Congress needed information on how long it actually takes to properly process a claim and how many staff are required to perform this function in a timely manner. Since work data is also subject to frequent manipulation and abuse, its accuracy and reliability is open to serious question, as are conclusions and decisions drawn. In the view of The American Legion, the development and implementation of a new work measurement system should be one of VBA's highest priorities. The American Legion fully understands and appreciates the major challenges facing VBA in the upcoming year. As a major stakeholder in VBA's benefit programs, we are committed to ensuring that it provides the best quality, timely service to veterans and their families.

National Cemetery Administration

There are approximately 26.6 million veterans alive today. Nearly 676,000 veteran deaths are estimated to occur in 2008, peaking at 690,000 by 2009. The VA expects that at least 12 percent of these veterans will request burial in a national cemetery. Considering the growing cost of burial services and the excellent quality of service NCA is providing, The American Legion foresees that this percentage will be much greater.

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. The American Legion supports NCA's goal of completing the National Shrine Commitment within 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.

For FY 2008, The American Legion recommends $178 million for the National Cemetery Administration.

State Cemetery Construction Grants Program

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. There are 60 operational cemeteries and two more under construction. 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 requires about $300,000 a year to operate a state cemetery.

NCA request for $32 million dollars for the current fiscal year is to be used to establish six new cemeteries (Abilene, TX; Des Moines, IA; Glennville, GA; Fort Stanton, NM; Missoula, MT; Williamstown, KY) and to expand four others (Cheltenham, MD; Crownsville, MD; Jacksonville, NC; Kona Coast, HI). Determining an "average cost" to build a new state cemetery or to expand an existing one is very difficult. Many factors influence cost, such as location, size and the availability of public utilities. Two new state cemeteries planned for obligation in FY 2007 are Abilene, Texas ($7.1 million) and Des Moines, Iowa ($7.5 million).

While these awards may be delayed in being granted due to a state not being ready to proceed with the construction of a new cemetery, The American Legion would suggest that it is unwise to grant money on the hopes that a state will not be able to accept the grant in a timely fashion. Therefore, for the purpose of budgeting, the VA should assume that grants will be awarded in a timely fashion.

	President's budget request for FY 07	The American Legion's FY 08 Recommended
State Grants for Veterans' Cemeteries	$32 million	$42 million
Abilene, Texas	$7.1 million	$7.1 million
Des Moines, Iowa	$7.5 million	$7.5 million
Glennville, GA	$17.4 million (average dollars left per project is $2.175 million)	$27.4 million (average dollars left per project is $3.425million.)
Fort Stanton, NM		
Missoula, MT		
Williamstown, KY		
Cheltenham, MD		
Crownsville, MD		
Jacksonville, NC		
Kona Coast, HI		

By only budgeting for $4 million per project, The American Legion predicts serious shortfalls in State Grant funding. After the Texas and Des Moines' cemeteries are granted their funds an average of only $2.175 million will be left for each of the eight other projects remaining. The only way to avoid this funding shortage will be to hope that states are not ready to receive the money; to take the money from other construction needs in VA; or to delay the construction of these highly needed cemeteries.

The American Legion recommends $42 million for the State Cemetery Grants Program in FY 2008.

CONCLUSION

The American Legion is extremely concerned about the budgetary process where appropriations bills are not passed by Congress before the start of the new fiscal year. The failure to pass a proper budget has a significant impact on the veterans' communities and the health care delivery provided to veterans. As a result of the failure of Congress to pass VA appropriations in a timely manner, all long and short range planning is adversely affected. VA medical facility administrators are asked to use a "crystal ball" to make prudent management decisions – not knowing when and how much funding they will have available to finish the fiscal year. Such fiscal irresponsibility spawns gross mismanagement decisions, rationing of care, and unacceptable delays and backlogs across the program areas – medical care, facility maintenance, administration, construction, and state grants programs. It is our hope that Congress will move to quickly pass this budget so that we can properly take care of our troops and our veterans.

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 2008 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 2008.