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HELEN W. TOLAR, STAFF DIRECTOR
AND CHIEF COUNSEL

U.S. House of Representatives
COMMITTEE ON VETERANS' AFFAIRS
ONE HUNDRED THIRTEENTH CONGRESS
335 CANNON HOUSE OFFICE BUILDING
WASHINGTON, DC 20515
http://veterans.house.gov

DEMOCRATS
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NANCY DOLAN
DEMOCRATIC STAFF DIRECTOR

March 1, 2013

The Honorable Paul Ryan
Chairman
The Honorable Chris Van Hollen
Ranking Democratic Member
Committee on the Budget
207 Cannon House Office Building
Washington, D.C. 20515

Dear Chairman Ryan and Ranking Member Van Hollen:

Pursuant to section 301(d) of the Congressional Budget Act of 1974 and House Rule X, clause 4(f), and with the approval of the undersigned Members of the Committee on Veterans' Affairs, we write to provide our Views and Estimates with regard to programs and matters within the jurisdiction of the Committee to be set forth in the concurrent resolution on the budget for fiscal year (FY) 2014, including the Department of Veterans Affairs (VA) request for medical care advance appropriations for FY 2015.

As you know, we have yet to receive the Administration's FY 2014 budget request, which would include a request for VA medical care advance appropriations for FY 2015. In the absence of relevant data which is annually contained in the budget submission, we are limited in our ability to make precise resource recommendations. Once the budget is available we reserve the right to update this letter with additional views. Until then, we will comment generally on several areas related to the funding for veterans' programs and services.

General Comments

Despite the dire fiscal climate our Nation is in, it is readily apparent that funding for programs administered by VA will remain among the highest of priorities. Although the threat of possible sequestration hangs over nearly every agency in government, VA programs (and the administrative expenses associated with those programs) have been determined, after more than a year of analysis by the Office of Management and Budget, to be completely exempt. We hope to work with you to clarify existing law so that this understanding as it pertains to VA is carried forward. Veterans who rely on VA programs for essential services should receive assurance that, once and for all, their programs are protected from such an indiscriminate cost-saving tool.

That said, we are acutely aware that other government agencies and programs which serve veterans, such as the Court of Appeals for Veterans Claims, the American Battle Monuments

Commission, Arlington National Cemetery, the Department of Defense Transition Assistance Program, and the Veterans Employment and Training Service, are not exempt. The Committee has received an assessment of sequestration's potential impact in all these areas and will monitor the effect on services should it occur. Nevertheless, the best course of action would be to make the tough choices necessary to replace the sequester altogether. We know you agree, and stand ready to assist in any way we can.

Another measure of funding preference afforded to veterans is in the provision of advance appropriations for VA medical care, which represents close to ninety percent of VA's total discretionary budget authority. Advance appropriations was designed to provide veterans and VA medical system administrators with a measure of assurance of what the budget for VA medical care would be in advance of the fiscal year when those resources would actually be needed. The concept was borne out of frustration that VA funding was all too often caught up in annual continuing resolutions, with full-year funding not provided until well into the fiscal year. Indeed, we are operating under yet another continuing resolution through March 27, one that did not contain advance funding in FY 2014 for VA medical care and that has held non-medical care programs veterans rely on at FY 2012 levels, with full-year funding in limbo. Thus, not only is delayed action on appropriations bills threatening full year funding of the remainder of VA's discretionary accounts, it is threatening action on the medical care advance itself.

The simplest solution is for us to get our work done on time. However, if Congress and the President cannot get annual appropriations bills enacted in a reasonable time period, and recent history is against us on this point, we believe serious consideration should be given to providing an advance appropriation for additional or <u>all</u> VA discretionary accounts. Such an approach would encourage multi-year planning and oversight of VA's resource needs as now happens with VA medical care. Most importantly, it would remove funding of veterans' programs entirely from any scenario involving a threatened government shutdown or flat-level funding under continuing resolutions. In addition, in order to better align resources to the VA's mission and desired outcomes for veterans, we are going to explore having the VA provide detailed five-year spending plans or other suitable mechanisms in order to better ensure effective and appropriate resource allocation through programmatic alignments and better use scarce resources to improve the benefits and services provided to veterans. We hope to work with you in the coming weeks about this idea but believe it is entirely consistent with the strong, bipartisan support that the Budget Committee and the Congress have afforded funding for veterans.

With the special status accorded to VA funding comes a heightened obligation to ensure that those resources are not wasted and are put, to the maximum extent possible, to use on direct services provided to veterans. The Committee has been and will remain engaged in oversight efforts towards that end, to include oversight of wasteful VA spending on extravagant destination conferences; unjustifiable bonuses for senior executives; and growth in administration accounts not directly related to veterans services. Further, the Committee will continue its investigations into VA contracting practices, the timely and on-budget completion of construction projects, and an analysis of investments made in information technology tools relative to the benefit obtained through their use. In order for VA to better track its spending and be held accountable for its near $140 billion budget, we believe that bringing a viable financial management system online is an absolute necessity. The Committee also plans on working closely with the Government

Accountability Office to more comprehensively explore individual VA accounts with a view toward ensuring that estimates are analytical and closely adhere to budgetary needs.

Finally, we affirm that veterans have earned their benefits by virtue of honorable military service and that any cost-saving measures imposed on those benefits must be sobered by that reality. Accordingly, and similar to the message delivered to you from the Committee's 112th Congress Views and Estimates letters, should the Budget Committee choose to look to VA mandatory spending programs for budgetary savings in a reconciliation instruction, we ask that you limit the instruction to savings proposals that have advanced out of the Committee on a bipartisan basis in past times of severe fiscal restraint.

Conclusion

Again, we reserve the right to update these views following the formal submission of the President's budget and the Committee's opportunity to conduct oversight hearings on it. Thank you for your commitment to our Nation's veterans.

Sincerely,

JEFF MILLER
Chairman

MICHAEL MICHAUD
Ranking Member

Don Beyer

Beto O'Rourke

Mark V. Amodei

Jamila Brownley

Tim Huelskamp

[illegible]

Doug Lamborn

Corine Brown

Mike Coffman

[illegible]

[illegible]

Gloria Margarita M Lucas

David P Roe