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AUSN LOOKS AT CONGRESSIONAL BUDGET OFFICE (CBO) REPORT ON SEQUESTRATION

This week, AUSN received a report from the Congressional Budget Office (CBO) which gave a review of the recent budget developments and the outlook of the Federal budget moving forward. It appears, through CBO's assessments, that the report found that due to Congress' ability to pass budget legislation reflecting spending caps set forth by the Budget Control Act (BCA) of 2011, that no sequestration cuts were needed for 2014 and, given the future year advance appropriations allocated in the Omnibus Appropriations bill for Fiscal Year 2014 (FY14) which passed into law this month (P.L. 113-76), sequestration wouldn't be set to hit again until at least 2016. It is, however, still up to the White House Office of Management and Budget (OMB) which has the final authority to declare whether a sequestration is required and how the proportional cuts will be made and CBO didn't rule out their interpretation.

FURTHER READING:

On 28 January 2014, the Congressional Budget Office (CBO) confirmed the findings in its report submitted to the Budget Committees of the House and Senate on 13 January 2014, which stated that no sequestration would be required for Fiscal Year 2014 (FY14). This assessment was deduced from the Continuing Resolution (CR) in place at the time of the report's submission as well as confirmed by CBO this past week based on the recent passage of the FY14 Omnibus Appropriations bill (P.L. 113-76). It is, however, still up to the White House Office of Management and Budget (OMB) which has the final authority to declare whether a sequestration is required and how the proportional cuts will be made. The findings of the 13 January 2014 CBO report are as follows:

The caps on defense and non-defense spending were modified by the Bipartisan Budget Act (BBA) of 2013 (P.L. 113-67) and provides for a total of **\$1.012 billion**. In 2014, CBO estimated that only **\$605.9 billion** will be allocated to defense programs and **\$504.8 billion** to non-defense programs. These estimates reflect that the appropriations for the defense and nondefense categories for FY14 are at capacity for their categories, but not exceeding, therefore, no sequestration would be necessary. The circumstances which might affect these estimates, that OMB would rule and determine on, might include any additional supplemental appropriations made by the end of September 2014 by lawmakers. In this case, a re-assessment of whether sequestration is necessary will need to be conducted. An attainable proposal would be to appropriately reduce the caps of 2015 to compensate for any additional funding that fell late in 2014.

Details can be found at [AUSN's Capitol Hill Blog on CBO Sequestration Report.](#)

AUSN LOOKS AT CONGRESSIONAL BUDGET OFFICE (CBO) BIENNIAL BUDGET OPTIONS REPORT

Recently, AUSN received a copy of the Congressional Budget Office's (CBO's) biennial Budget Options Report, looking at its proposals which, for the last few years, have been relatively the same. The report, often referred to as the "Doomsday Report", due to its horrifying implications for Veterans and retirees were some of the policy options proposed in the report actually implemented, offers a non-partisan analytical approach which outlines the possible budgetary outcomes of various legislative actions in result of implementing particular proposals in the report. One such proposal which continues to manifest itself, yet is deemed politically disadvantageous on the Hill, would eliminate all Concurrent Retirement and Disability Pay (CRDP) for Veterans and retirees. This proposal is an almost non-starter on Capitol Hill since it would affect constituencies across the country.

FURTHER READING:

The Congressional Budget Office (CBO) recently released its latest Budget Options Report, aptly nicknamed by certain groups as the "Doomsday Report" due to the horrifying implications for Veterans and retirees were some of the policy options proposed in the report actually implemented. The reports, published biennially, identify thousands of budget-cutting initiatives for any Congress to consider; often case a budget-driven/brain-storming exercise for CBO and Congress. This is done in a way to help lawmakers make policy decisions in light of the rapidly escalating Federal debt, where oftentimes the CBO predictably gives the 'same old story' as far as proposals. The report offers a non-partisan analytical approach which outlines the possible budgetary outcomes of various legislative actions in result of implementing particular aspects in the report.

Most of these proposals carry over from one report to the next and there are typically not any new revelations amongst Congressional budget watchers, including those within the Veteran Service Organization (VSO) community. For example, the idea to eliminate concurrent receipt has appeared in every report ever since the approval of Concurrent Retirement and Disability Pay (CRDP) back in the early 2000's; almost word for word verbatim in each of the CBO's subsequent reports regarding its elimination. Though some other items and proposals contained in the report may be doable in the current fiscal environment, most would result in "political suicide" for Members of Congress if enacted since large constituencies would be impacted by adopting proposals within this biennial CBO report. Bottom line: When items in this semi-regular CBO report begin to pass in Congress, take warning; it's a sure sign our country is in deep financial trouble if Congress starts adopting desperate and unpopular provisions of this report. Thus, despite much concern for such a proposal being distributed throughout Veteran circles, this is a routine CBO proposal and typically does not carry over well to Capitol Hill circles, but is something to keep an eye on.

Details can be found at [AUSN's Capitol Hill Blog on CBO Biennial Budget Options Report](#).

AUSN APPLAUDS HOUSE PASSAGE OF H.R. 357 THIS WEEK

Early in the week, the U.S. House of Representatives passed H.R. 357, the GI Bill Tuition Fairness Act, by a bipartisan vote of 390-0. AUSN supported this bill early in the first session of the 113th Congress and applauded its passage in the House during the early days of the second session of the 113th Congress. In the bill, amongst other notable items, are provisions which enable GI Bill beneficiaries, starting 1 July 2016, who attend a public College or University in the country to receive in-state tuition rates regardless of their official state of residence. The Senate's version, S. 257, is currently within the Senate Veterans' Affairs Committee (SVAC) approved package of Veteran bills, S. 1982, which is expected to be considered later this week.

FURTHER READING:

In the evening of 3 February 2014, the U.S. House of Representatives passed H.R. 357, the GI Bill Tuition Fairness Act of 2013, in a resounding 390-0 vote under suspension of the rules. The bill, cosponsored by the House Committee on Veterans' Affairs (HVAC) Chairman, Representative Jeff Miller (R-FL-01), and HVAC Ranking Member, Representative Mike Michaud (D-ME-02), enables GI Bill beneficiaries, starting 1 July 2016, who attend a public College or University in the country to receive in-state tuition rates regardless of their official state of residence.

Currently, Veterans still receive their GI Bill funds if they go to an out-of-state College or University instead of one in their state of residence; however, Veterans are responsible for making up the difference in the tuition cost if they go out-

of-state. A College Board study conducted found that the difference between the two rates averaged **\$13,000** for a full-time student during the 2012-2013 academic year. The legislation also includes a number of other benefits and changes in the Department of Veterans Affairs (VA) that were marked up and included in the HVAC reported and revised H.R. 357 bill. One such additional provision extends the VA work-study program, VA vocational training, and rehabilitation period for Veterans by an additional five years. Additionally, it extends the Veterans Retraining and Assistance Program (VRAP) for an additional three months, so that it now expires 31 May 2014 instead of the 31 March 2014 expiration date. Furthermore, the legislation expands the eligibility criteria for the program to include those participating in a Department of Housing and Urban Development (HUD), VA Supportive Housing program. The Congressional Budget Office (CBO) estimates that the expansion of the eligibility criteria will open the job training service to an additional 5,000 Veterans annually.

Details can be found at [AUSN's Capitol Hill Blog on House Passage of H.R. 357](#).

HOUSE VETERANS AFFAIRS, DISABILITY ASSISTANCE SUBCOMMITTEE HEARING ON VBA CLAIMS

On 5 February 2014, the House Veterans' Affairs Committee (HVAC), Subcommittee on Disability Assistance and Memorial Services (DAMA) held a hearing to discuss the status and secondary effects of recent Veterans Benefits Administration (VBA) technology to expedite the claims process. The hearing was presided over by HVAC- DAMA Chairman, Representative Jon Runyan (R-NJ-03), and HVAC- DAMA Ranking Member, Representative Dina Titus (D-NV-01). The first panel consisted of Mr. Gerald T. Manar, Deputy Director, National Veterans Service at the Veterans of Foreign Wars (VFW); Mr. Jeffrey C. Hall, Assistant National Legislative Director for the Disabled American Veterans (DAV); Mr. Zachary Hearn, Deputy Director for Claims at the American Legion; Mr. Frank Logalbo, National Service Director at the Wounded Warrior Project; and Mr. Eric Jenkins, Rating Veterans Service Representative at the AFL-CIO and the AFGF National VA Council. The second panel of witnesses consisted of Ms. Diana Rubens, Deputy Under Secretary for Field Operations at the Department of Veterans Affairs (VA); Mr. Richard Hipolt, Assistant General Counsel at the VA; Ms. Lorraine Landfried, Deputy Chief Information Officer for Product Development at the VA; Mr. Richard Thomas, Director of Healthcare Operations at the Defense Health Agency (DHA); and Mr. Dave Bowen, Director of Health Information Technology at DHA.

FURTHER READING:

In his opening statement, Representative Runyan stressed the importance of actual success rather than the "appearance" of success when implementing new technologies. He was very concerned about the recent security breach of eBenefits, the system which allows Veterans to make claims online, and also the many outages suffered by the Veterans Benefits Management System (VBMS), a program designed to make the claims system completely paperless. HVAC- DAMA Ranking Member Titus wanted to commend the efforts made to reduce the claims backlog, but she showed some unease about the lack of transparency concerning the new national work queue. She wondered whether the VBA was only shuffling claims from poor performing regional offices (RO's) to others, meaning that their individual performance was not actually improving.

The Chairman allowed five minute opening statements from each of the witnesses in the first panel. Mr. Manar testified that claims may now be decided faster, but they are being decided in ways that are less favorable to Veterans. Mr. Hall stated that upon visiting the Newark RO to see the paperless system in action, he was reassured that it was a good system and that employees were satisfied with it. He encouraged continued investment in VBMS in order to further improve it. Mr. Hearn was worried that VBA was making the process easier for itself and harder for Veterans, many of whom do not have access to internet to make claims in the new system. Mr. Jenkins spoke from experience in an RO and expressed concerns that the VBMS shutdowns made it impossible for employees to do their jobs. He stated a desire for the Veterans Service Organizations (VSO's) to have a greater role in the overhaul of the system. Chairman Runyan then opened the hearing up to questions from the Subcommittee. Ranking Member Titus asked about the effects of the work queue, and Mr. Hearn answered that it made it harder to establish relationships between the local raters and service officers, extending the time needed to process claims. Representative Beto O'Rourke (D-TX-16) asked what the VBA could do to improve the situation. Mr. Manar responded that the regional managers were mishandling their workloads because of unrealistic goals laid on them by the national leadership.

Chairman Runyan dismissed the first panel and introduced the second panel of witnesses. The panel was allowed time for opening statements. Ms. Rubens stated that the backlog has been reduced by 35 percent in the past year and the wait time for Veteran claims is 111 days fewer than last year. She stated that the work queue had helped to bring about this

increase in efficiency and that while claims were sometime sent to other RO's, the claims were sent to local RO's when possible. Mr. Thomas expressed a desire to see an improvement of the method for transferring the Service Treatment Reports (STR's) from the Department of Defense (DOD) to the VBMS to maintain consistency in patient records.

Chairman Runyan opened the hearing for questions from the Subcommittee. The Chairman asked Ms. Landfried about the security breach in the eBenefits program. She explained that as soon as the problem was discovered the software causing the problem was uninstalled, and that only about 1,300 Veterans had their information viewed during the breach. Representative Raul Ruiz (D-CA-36) asked Ms. Rubens how her organization was training Veterans and RO staff to use the new systems, then invited her to send a representative to his district to lecture in a Veteran training program. Chairman Runyan expressed concerns that the new standardized forms were not beneficial to Veterans. Ms. Rubens replied that the forms made the process more efficient and quick, while Mr. Hipolit stressed that many of the traditional features of the old system were preserved to make it easier for Veterans. Chairman Runyan appreciated the endeavors made by the VBA to improve their systems and acknowledged that there were be some issues when implementing new technologies. He encouraged the VBA to maintain open communication with the Subcommittee and VSO's to continue to find solutions to the challenges.

AUSN RECAPS WHERE FULL COLA FIX AND VETERAN LEGISLATION STAND

In an effort to clarify moving parts of Veteran and military retiree bills, AUSN took a look at where things stand regarding fixing the provisions within the Bipartisan Budget Act (BBA) of 2013 that reduced the Cost-of-Living-Adjustment for Veterans and retirees, current and future, under age 62. In addition, proposals for this fix have manifested themselves into Veteran Omnibus bills; packages of Veteran bills lined up for consideration, and have met with resistance on party lines due to their controversial offsets. Much of the momentum, and consequently, stall on these bills and proposals are coming from the Senate side of the Capitol. AUSN will continue to watch this debate unfold in the coming week.

FURTHER READING:

In the past two months, it's been easy to lose track of where everything stands since there has been a lot of traction on a lot of issues, mostly due to grassroots pressure from organizations like AUSN zeroing in on issues and "breach of faith" concerns with our nation's Veterans. Part of the confusion stems from Congressional reaction, and often overreaction, to these concerns and the desire to find a solution. On the other hand, while trying to find a solution, Congress has had a few small successes, but mostly coupled with hyper-partisan solutions leaving no possible way forward on legislation, and potentially leaving our Veterans and our military behind.

First, and foremost, is correcting the problem of Cost-of-Living-Adjustment (COLA) cut to less than 1% for our current and future Veterans and military retirees, under age 62, as mandated to begin in late 2015 under the Bipartisan Budget Act (BBA) which passed December of 2013. While widely recognized by lawmakers as a wrong that needs to be corrected, the dispute occurred at finding an offset of **\$6 billion** to fix this provision of the bill entirely and spare the financial pain that would have been felt by Veterans, retirees, disabled Veterans and their survivors. On the upside, as individuals may, or may not know, a portion of this was fixed with the passage into law on 17 January 2014 of H.R. 3547, the Fiscal Year 2014 (FY14), Consolidated Appropriations Act of 2014, aka, the FY14 Omnibus Appropriations bill (P.L. 113-76). In the bill, a section was added clarifying a repeal of the COLA reductions that was a part of the BBA for disabled Veterans and their survivors under age 62, using specific Department of Defense (DOD) offsets that were agreeable enough to spare these individuals from the cuts. This now leaves a total of about **\$5.5 billion** that needs to be fixed with offsets for the remaining group of under age 62 Veterans and retirees that are neither disabled nor surviving spouses.

Rather than taking up individually House passed Veteran bills, the Senate Veterans' Affairs Committee (SVAC) has chosen to roll all pending Veteran bills that have passed out of Committee, many of which are mirror versions of the House passed bills, AND include a Democrat led proposal on fixing the COLA cut from the BBA. This 'Mega-Omnibus' bill has met with strong opposition by Republican counterparts. The first bill, S. 1950, contained provisions of S. 944, the Veterans Benefits Improvement Act, which AUSN supported last December, since the bill contained many of the House passed priority bills, including Veteran Status for members of the Reserve Component. S. 944, however, was stalled due to a hold before the holidays, so SVAC Chairman, Senator Bernie Sanders (I-VT), came back with a 'Mega-Omnibus' bill in the form of S. 1950 which included all other SVAC passed bills along with a few add-on bills from Senate leadership that are also helpful to Veterans. In addition was provision to fix the COLA cut from the

BBA, but no language was contained regarding its offset for the **\$5.5 billion**, plus any other additional costs incurred by other Veteran provisions added to the bill. Despite this, and recognizing the need for Veteran legislation, AUSN supported the bill, along with other Veteran Service Organizations (VSO).

Details can be found at [AUSN's Capitol Hill Blog on COLA Fix and Veteran Legislation Status](#).

AUSN ON THE HILL

This week, in addition to monitoring hearings and legislative developments, AUSN was very active on Capitol Hill. Earlier in the week, AUSN participated in a press conference held by Senate Veterans' Affairs Committee (SVAC) Chairman, Senator Bernie Sanders (I-VT), to discuss support for S. 1982, the Comprehensive Veterans Health and Benefits and Military Retirement Pay Restoration Act of 2014. This bill is a re-introduced version of S. 1950, previously supported by AUSN, which includes detailed definitions and clarifications regarding offsets. Although some of the offsets are of concern, the overall goal of the bill helps Veterans and, hopefully, if passed would conference with already passed House bills. Additionally, AUSN attended one of the regular meetings of The Military Coalition (TMC) this week, where the Department of Veterans Affairs (VA) came to brief AUSN on the new dental plan offered by the VA which began on 1 January 2014; the Veterans Affairs Dental Insurance Program (VADIP). This program is for those Veterans who are not eligible for retired dental care under the TRICARE Retiree Dental Program (TRDP). The premium rates for this new VADIP, full comprehensive plan, would be a **\$32.85** for those living in region 4 and **\$26.45** for those living in region 2. In addition, AUSN had a meeting with staff of Representative Bradley Byrne (R-AL-01), a new Member of Congress and recently appointed to the House Armed Services Committee (HASC), to discuss some of AUSN's legislative objectives/goals for Fiscal Year 2015 (FY15).

PRIORITY BILLS INTRODUCED THIS WEEK

H.R. 3996, Save our Military Shopping Benefits Act. Introduced by Representative Tim Griffin (R-AR-02), the bill would prohibit the closure or reduced operation of military commissary stores and exchange stores before 1 January 2017.

S. 1993, Veterans Care Financial Protection Act of 2014. Introduced by Senator Elizabeth Warren (D-MA), the bill would protect individuals who are eligible for increased pension under laws administered by the Secretary of Veterans Affairs on the basis of need of regular aid and attendance from dishonest, predatory, or otherwise unlawful practices.

S. 1986, Streamlining Services for Older Veterans Act. Introduced by Senator Joe Manchin (D-WV), the bill would amend the Older Americans Act of 1965 to provide for outreach, and coordination of services, to Veterans.

S. 1985, Veterans Health Care Access Received Closer to Home Act of 2014. Introduced by Senator Jerry Moran (R-KS), the bill would reauthorize and modify the pilot program of the Department of Veterans Affairs under which the Secretary of Veterans Affairs provides health services to Veterans through qualifying non-Department of Veterans Affairs health care providers.

S. 1982, the Comprehensive Veterans Health and Benefits and Military Retirement Pay Restoration Act of 2014. Introduced by Senator Bernie Sanders (I-VT), the bill contains numerous provisions which seek to improve the quality of healthcare, benefits and services to our Veterans as well as correct legislative provisions which cut military retirement calculations.

In the advocacy section of the website, you can click on [Bills of Interest](#) to get daily revisions on Congressional action for all AUSN priority bills. We STRONGLY encourage you all to visit our [Advocacy](#) page, especially the [Capitol Hill Blog](#) which receives almost daily submissions when Congress is in session to see what AUSN is doing for you on Capitol Hill.

We also encourage you and your friends and family to visit the [AUSN FACEBOOK PAGE](#). If you have an account, please Login and "Like" us, which will allow you to see our [TWITTER](#) feeds and other updates from AUSN that shows us monitoring Capitol Hill on your behalf!

NEW LEGISLATIVE ALERTS

There were no new legislative alerts this week. When these alerts are sent to your email, please click on the **TAKE ACTION** link that is at the top of the alert email to send a letter response to your Members of Congress (a few of you have written in that you wish to send letters, but don't know how). Please continue to go to the [Legislative Alerts](#) section on the AUSN webpage and/or check your e-mail and submit ones you haven't seen yet to your Congressional delegation.

NEXT WEEK OUTLOOK

Next week, both the House and Senate will be in session before they adjourn Friday, 14 February 2014, for the President's Day recess week. As early as Monday evening next week, the Senate Armed Services Committee (SASC) will plan to mark-up legislation that would repeal the recently enacted cut to Cost-of-Living Adjustments (COLAs) for military retirees under the age of 62 from the Bipartisan Budget Act (BBA) of 2013. This markup will precede debate which began earlier this week, and will be the first time the Senate will address and debate legislation fixing the COLA cut provisions of the BBA. The markup of the SASC bill will manifest itself either as stand-alone legislation to consider on the Senate floor next week or accompanying, as an amendment, already proposed legislation, such as S. 1963, introduced by Senator Mark Pryor (D-AR). However, the devil is in the details and it is unclear whether, and how, to offset the cost for repealing this provision of the BBA, which totals about **\$5.5 billion**. AUSN will be monitoring this debate closely. In addition, AUSN has many meetings scheduled including a meeting with the new Acting Under Secretary of the Navy, Mr. Thomas Hicks, as well as a meeting with NAVSEA at the Washington Navy Yard and a meeting with staff of Representative Joe Heck (R-NV-03). There are also a few Congressional hearings AUSN will be watching including a House Armed Services Committee (HASC) hearing on Defense Acquisition Reform.

QUESTIONS/COMMENTS/CONCERNS

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