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### **HOUSE ARMED SERVICES & FOREIGN AFFAIRS, SEAPOWER & ASIA-PACIFIC SUBCOMMITTEE HEARING**

*On 14 January 2014, the House Armed Services Committee (HASC), Subcommittee on Seapower and Projection Forces held a joint hearing on the Maritime Disputes of the People's Republic of China (PRC) along with the House Foreign Affairs Committee (HFAC), Subcommittee on Asia and the Pacific. The witnesses present at the hearing were Mr. Paul Dutton, Professor and Strategic Researcher at the China Maritime Studies Institute of the U.S. Naval War College, Ms. Bonnie S. Glaser, Senior Advisor for Asia and Freeman Chair in China Studies at the Pacific Forum for the Center for Strategic and International Studies (CSIS), and Mr. Jeff M. Smith, the Director of South Asia Programs and Kraemer Strategy Fellow at the American Foreign Policy Council. The hearing was jointly presided by HASC- Seapower and Projection Forces Subcommittee Chairman, Representative J. Randy Forbes (R-VA-04), and HASC-Seapower and Projection Forces Subcommittee Ranking Member, Representative Mike McIntyre (D-NC-07), HFAC- Asia and the Pacific Subcommittee Chairman, Representative Steve Chabot (R-OH-01), and HFAC- Asia and the Pacific Subcommittee Acting Ranking Member, Representative Ami Bera (D-CA-07). This hearing was another part of Chairman Forbes' announced Oversight Series announcement last fall regarding looking into the 'Pivot to the Pacific' strategy of our military according to the 2012 Strategic Guidance.*

#### **FURTHER READING:**

The Joint Subcommittee hearing began with opening remarks made by both Subcommittee's Chairmen and Ranking Members, and all three witnesses. Chairman Chabot began by expressing concern over China's efforts to exert control over the East China Sea, South China Sea and disputed territories in the region via intimidation. He referred to this as the "Asian-Tinderbox on water," as China provocatively raises tensions and threatens stability in the region. Chairman Forbes remarked that the United States needs to be "100 percent intolerant," of China's territorial claims, their historically questionable basis for such claims, and their aggressive actions in pursuit of said claims. Ranking Member McIntyre urged "robust diplomacy" and to remember that diplomatic and political outlets should be used and exhausted before military outlets in response to China's aggressive actions. Representative McIntyre then brought up what became a key point throughout the hearing; the United States needs to do a better job of not simply reacting to China's actions but we must be able to predict and be proactive in order to avoid conflicts and accidents.

Professor Dutton began his testimony by describing what China gains by such aggressive actions towards its neighbors in both national security (real and perceived) and "leadership legitimacy" for the Communist Party. Professor Dutton

then mentioned that China needs to be held to standards befitting a “responsible global leader” with consequences when they are not and that the pending UN arbitration case with the Philippines will answer many questions about the legal legitimacy of China’s actions. Ms. Glaser used the term “salami slicing tactics” to describe how China has used small, seemingly innocuous, steps to change the stability and status quo of the region without consequences. She mentioned that almost all, if not all, East Asian governments either publicly or privately support U.S. attempts to re-balance Asia and that they view the U.S. as a hedge against China’s intimidation and potential actions. Throughout her testimony and questioning, Ms. Glaser mentioned the administration’s “Pivot to Asia” strategy that has come together piece-meal and the need for a true strategy paper outlining how to balance Asia and how to move towards a holistic approach merging diplomacy, economics, and security as regional nations view the US as having its priorities elsewhere. Mr. Smith’s testimony centered on the danger that China potentially poses to the United States by noting that China is the only nation that will actually “operationally challenge” U.S. surveillance inside their Exclusive Economic Zone (EEZ) as the hardline People’s Liberation Army (PLA) views all U.S. efforts as an attempt to suffocate and prevent China’s growth as a global power. The importance of this is that, as a whole, the Chinese government begrudgingly respects U.S. power but views all regional nations as subservient, making U.S. support in the region critical to stability. Both Professor Dutton and Mr. Smith separately noted that both nations have legitimate security concerns in the region and both nations need to realize such, while Mr. Smith noted that this is not only a regional issue with our allies and China’s neighbors but that China is also restricting the United States’ ability to operate in the region; posing both a dangerous threat and precedent.

Following the opening statements, Chairman Chabot opened questioning by first asking how to accomplish the slow trend of curbing China’s aggressiveness. Professor Dutton responded that the U.S. needed to restore initiatives in the region and that instead of reacting to deter them; the U.S. should establish a positive regional endgame with steps to better predict what will happen in the region. In addition, Chairman Chabot also asked Ms. Glaser about how the United States should punish China for their aggressive actions and possible violations of international law such as their new Air Defense Identification Zone (ADIZ) over disputed territories with Japan, Taiwan, and South Korea. Ms. Glaser responded that strong actions such as flying B-52’s through the ADIZ were a starting point but encouraged stronger cooperation with regional nations such as the proposed Trans-Pacific-Partnership (TPP) and legal recourses through UN arbitration. When asked by Representative Gerry Connolly (D-VA-11) about whether China was being deliberately provocative or simply did not care about other nation’s responses, Professor Dutton responded by saying that the actions are deliberate as they ensure domestic stability for the Communist Party and they are using non-military coercion, especially in regards to Japan, by controlling the escalation so as to not directly provoke the United States. Next, Representative Dana Rohrabacher (R-CA-48) asked why not create an organization akin to the Organization for Security and Co-Operation in Europe (OSCE) and Ms. Glaser responded by noting that almost no country in Asia, in such proximity to China, wants to be forced to make a choice between China and the U.S. In response to skepticism about the importance of the region and protecting “specks of land” by Representative Brad Sherman (D-CA-30), Mr. Smith noted that there is a “valid and rational case” that China is the one nation who can pose a military threat to the U.S.

#### **HOUSE VETERANS AFFAIRS, OVERSIGHT SUBCOMMITTEE HEARING ON VA SURGERIES**

*On 15 January 2014, the House Veterans Affairs Committee (HVAC), Subcommittee on Oversight and Investigations held a hearing concerning the failed oversight of the Department of Veterans Affairs (VA) on the tracking, procurement, and installation of surgical implants. Notable witnesses present at the hearing included Mr. Randall Williamson, Director of Healthcare at the Government Accountability Office (GAO); Mr. Wayne McElrath, Director of Forensic Audit and Investigative Services at GAO; Mr. Roscoe Butler, Assistant Director for Healthcare for the National Veterans Affairs and Rehabilitation Commission at the American Legion; Mr. Philip Matkovsky, Assistant Deputy Under Secretary for Health for Administrative Operations at the VA; and Dr. Thomas Lynch, Assistant Deputy Under Secretary for Health Clinical Operations at the VA. The hearing was held by HVAC- Oversight Subcommittee Chairman, Representative Mike Coffman (R-CO-04), and HVAC- Oversight Subcommittee Ranking Member, Representative Ann Kirkpatrick (D-AZ-01). Both called the hearing, specifically, to look at a recently released GAO Report from 13 January 2014 titled, “VA Surgical Implants: Purchase Requirements Were Not Always Followed at Selected Medical Centers and Oversight Needs Improvement.” The GAO looked at four VA medical Centers and found that these hospitals did not always follow Veterans Health Administration (VHA) policy regarding documenting open market purchases of surgical implants, including obtaining the necessary waivers to purchase items not covered by a VA negotiated contract.*

#### FURTHER READING:

The hearing began with opening statements by Chairman Coffman, Ranking Member Kirkpatrick, and the first panel of witnesses, Mr. Williamson, Mr. Butler, and Mr. McElrath. Chairman Coffman expressed concern that the system for tracking implants was inadequate and compromised the safety of our Veterans. Ranking Member Kirkpatrick was troubled by the lack of accountability within the VHA as well as the claim that supply vendors directly participated in patient care in the Operating Room (OR). Mr. Williamson then described findings from GAO investigations of 4 VA Medical Centers (VAMC). The GAO found that VA purchase requirements were not fully adhered to. For example, in some cases proper waivers or authorizations were missing. He further stated that the VHA lacked an effective means of tracking surgical implants because many implant serial numbers were recorded incorrectly or were missing entirely. Furthermore, Mr. Williamson stated that the GAO had uncovered evidence that in some instances, vendors had participated in direct patient care at one of the VAMCs, specifically performing or aiding in the application of skin grafts. Finally, Mr. Butler expressed a desire for more oversight, an automated tracking system for implants, and a revised supply schedule to minimize open-market purchases.

Chairman Coffman opened the hearing for questions and comments from the Subcommittee. When asked by the Chairman why vendors were assisting in patient care, Mr. McElrath responded that the GAO found that it was the result of insufficient VAMC staffing at the time of the incidents. Next, Representative Dan Benishek (R-MI-01) asked whether there was evidence of any reprimand or consequences for the clinicians at the VAMC's after failures to follow proper procedures. Mr. Williamson stated that there did not appear to be any penalty. Mr. Williamson then agreed with a comment by Representative Jackie Walorski (R-IN-02) that a centralized barcode scanning system would be the best way to track implants. Representative Doug Lamborn (R-CO-05) asked whether the VHA was overpaying for implants by making open-market purchases instead of purchases within the organized contracts, to which Mr. Williamson replied that while this was not necessarily true in every case, it was more likely.

Chairman Coffman then allowed the second panel to be seated, after which Mr. Matkovsky read a brief opening statement saying that the VHA will continue to increase the use of negotiated national contracts "emphasizing quality and value" and is currently working on a national policy regarding the prosthetics procurement. Mr. Matkovsky was confident that the policy would give more standardized guidance to VAMC staff about how to correctly order implants. When asked by the Chairman about vendor participation in patient care, Mr. Matkovsky replied that after investigating, they were able to deduce that the incident had occurred outside of the OR and involved wound care rather than skin grafts. Representative Walorski asked for a timeline of the VHA's progress in developing a standardized credential system. Mr. Matkovsky replied that the development had just begun and he could not provide one. After questions about the efficiency of the tracking system, Dr. Lynch stated that he was comfortable with the system that the VHA had in place for recall of implants, but it could also be improved.

The consensus of the Subcommittee, as stated by Ranking Member Kirkpatrick, was that the primary goal was to provide the best care for patients and that a new policy was needed to address implant ordering procedure, as well as vendor participation in the OR. The Subcommittee asked for more information regarding the rising cost of implants as well as details about the VHA's ongoing development of their national policies.

#### **HOUSE ARMED SERVICES, MILITARY PERSONNEL SUBCOMMITTEE HEARING ON RECRUITING**

*On 16 January 2014, the House Armed Services Committee (HASC), Military Personnel Subcommittee held a hearing on the future recruiting challenges facing the U.S. Armed Services in a fiscally constrained environment. Notable witnesses present at the hearing were Ms. Vee Penrod, the Deputy Assistant Secretary of Defense for Military Personnel Policy at the Department of Defense (DOD), Rear Admiral Lower Half (RDML) Annie B. Andrews, Commander of Navy Recruiting Command for the U.S. Navy (USN) and Major General (MajGen) Mark A. Brilakis, Commanding General of Recruiting Command for the U.S. Marine Corps (USMC). The hearing was held by HASC- Military Personnel Subcommittee Chairman, Representative Joe Wilson (R-SC-02), and HASC- Military Personnel Subcommittee Ranking Member, Representative Susan Davis (D-CA-53). The subject of this hearing was derived from concerns that sequestration and cost-saving proposals have hurt our military's ability to recruit, and just as importantly, retain servicemembers within and all-volunteer force.*

#### FURTHER READING:

The HASC-Military Personnel Subcommittee completed its hearing with opening remarks made by the Chairman,

Ranking Member, and all of the witnesses. Chairman Wilson outlined the purpose of the hearing was to investigate and hear the current impact that the fiscally constrained environment is having on the different U.S. Armed Services in their efforts to recruit, and the overall impact that any challenges have on a volunteer based force. Ranking Member Davis remarked that, "recruiting efforts are a complex subject," which have not been helped by the instability caused over the budget battles and cuts. Secretary Penrod testified that the all-volunteer force continues to work well as it enters its fifth decade of existence, with recruitment being at an all-time high for all the of the services despite 25% of eligible recruitment field being unfit to serve for health reasons. RDML Andrews and MajGen Brilakis congruently agreed with Secretary Penrod's testimony in regards to the numbers and quality of recruits that both the U.S. Navy and Marine Corps are recruiting. RDML Andrews highlighted that the Navy met all of its Active and Reserve targets on recruitment numbers and quality recruits from this past year, and that it is currently on target to do so again this year. MajGen Brilakis also emphasized with the Subcommittee members that goals on quality and recruitment are being met by the Marines. Consistently, all witness stated that the current economic environment had made an impact on their numbers by encouraging eligible candidates to join.

Following these opening remarks Chairman Wilson began the rounds of questioning by asking how the services are planning to meet their recruitment targets. RDML Andrews answered that the Navy's current recruitment situation is favorable, with the Navy planning to ensure that its recruiting officers are being an active and valued member of their communities; thus demonstrating the values of the Navy to eligible recruits. MajGen Brilakis responded that after a 2012 review it found that the current recruitment force is at an adequate level in numbers and quality for them to achieve their recruitment goals. However, he did emphasize that while they are still able to achieve their goals under current budgetary constraints, that future efforts may be hampered by continued financial constraints. Chairman Wilson then deferred to the Subcommittee members for questioning, starting with Ranking Member Davis asking what the major challenges facing the recruitment efforts were, and how the services were looking to ensure that the high quality level of the recruits was sustained. RDML Andrews' response was that the major issue facing recruiters right now is "Time." Furthermore, while she stressed quality of naval recruits is at one of the highest levels the Navy has ever seen, she also stated that the medical field is an area that is becoming increasing more difficult for recruiters to penetrate. MajGen Brilakis also stated that "Time" was the major challenge facing Marine recruiters, especially in the rural areas of the country. However, his major concern was that as the economy and job market improves, the lack of funds to attract potential recruits would increasingly become the major challenge facing his recruiters.

Through further questioning by the Subcommittee members and other Representatives, the witnesses testified on a variety of issues ranging from the impacts that immigration policy has on the quality and level of recruitment, to the impact that Congressional micromanaging of the Recruitment Budgets of the Services, in regards to what they can and cannot spend their money on, have on the recruitment efforts of the different services. The Subcommittee closed with Ranking Member Davis asking a question regarding the policy of recruiting individuals with a record of being convicted of sexual assault. Secretary Penrod, RDML Andrews, and MajGen Brilakis all stated that no one is considered for recruitment that has a record of sexual assault, and that all recruiters have been trained and checked over the past year on sexual assault directives by DOD.

#### **AUSN LOOKS AT OMNIBUS FUNDING BILL AND BUDGET ACT COLA FIX DEVELOPMENTS**

*After weeks of negotiating and holding tight the details of the House and Senate compromise Omnibus Appropriations Bill for the remainder of Fiscal Year 2014 (FY14), AUSN recently received and took a look at details that came out in a Rules Committee Print of the bill, currently in the form of H.R. 3547. Having passed an extension of the current Continuing Resolution (CR), moving expiration date from 15 January 2014 to 18 January 2014, lawmakers now have time to debate and adopt the **\$1.01 trillion** package. The bill includes **\$486.9 billion** for the Pentagon's base budget, with an additional **\$85.2 billion** for Overseas Contingency Operations (OCO). In addition, the bill has a total of **\$159.2 billion** for military construction (MILCON) projects. In regards to funding for the Department of Veterans Affairs (VA), a total of **\$63.2 billion** in discretionary spending and **\$84.7 billion** in mandatory spending were included. Also included in the text of the bill is a provision which exempts from the cut in COLA retirement calculations, a part of the Bipartisan Budget Act (BBA) last December, all disabled Veterans and survivors, receiving compensation from the Survivor Benefit Plan (SBP), from less than 1% reduction in COLA for retirees under age 62. However, this doesn't fix the problem in its entirety for every other non-disabled retiree.*

FURTHER READING:

AUSN recently took a look at the recently released text of the final reported Omnibus Appropriations Bill for Fiscal Year 2014 (FY14), currently in the form of H.R. 3547, and compared it to difference in funds allocated in Fiscal Year 2013 (FY13), the President's Budget (PB) request for FY14, the House FY14 Appropriations Bill and the Senate Appropriations Bill for Defense and Military Construction and Veterans Affairs (MILCON/VA). Department of Defense (DOD) allocations make up almost half of the proposed allocated funds in H.R. 3547. With a total of over **\$565.1 billion** in DOD funding, the Omnibus Appropriations Bill's allocation is overall less than it was in FY13, the FY14 PB, the House's request and the Senate's request. Additionally, at a total of **\$159.2 billion** appropriated towards MILCON, this total is significantly above FY13. However, it is only slightly above the House's proposal, and slightly below the Senate and President's proposals

While the bill does reduce the funding for several different programs, the Navy appears to have escaped most major program cuts. Overall, the bill allocates close to **\$93 billion** for DOD Procurement, of which **\$42 billion** is for the Navy and Marine Corps. In particular, the bill adds **\$950 million** to the Navy's request to fully fund a second *Virginia* Class attack submarine (SSN) in FY14, instead of providing just a down payment, which was something that House Appropriations Committee (HAC) Members called, "a funding gimmick," in the HAC report to their bill, H.R. 2397. Additionally, the Navy's highly criticized program, the Littoral Combat Ship (LCS) and its procurement and operation, also survived funding cuts mostly intact. Appropriators did tweak some aspects of the LCS program, but they still allocated the **\$1.8 billion** procurement request that the Navy wanted in order to procure the 4 ships, 2 of each Independence and Freedom Class variants, it desires to acquire this year. Additionally, **\$2.2 billion** was added to continue operating and begin modernizing 7 guided missile Cruisers (CG's) and 2 amphibious dock landing ships (LSD's) the Navy had proposed for early retirement. However, the Navy did see a few slight cuts including **\$45 million** from the Navy's new E-2D Advanced Hawkeye aircraft, whose contract has been delayed and **\$400 million** from Navy programs that also cannot get underway because of contract protests, including the Air and Missile Defense Radar (AMDR), the Next-Generation Enterprise Network and the Next-Generation Jammer.

The bill also includes a section, found in Title X of Division C. relating to Defense Spending, of H.R. 3547, "fixing" the controversial provision in the Bipartisan Budget Act (BBA) that passed in December of 2013 that called for decreasing the Cost-of-Living-Adjustment (COLA) calculations for retirement compensation for working-age military retirees, disabled Veterans and their survivors under age 62, by 1%. The "fix" in the Omnibus Appropriations bill EXEMPTS from the cut in COLA retirement calculations noted in the BBA for all disabled Veterans and survivors, receiving compensation from the Survivor Benefit Plan (SBP), from the COLA cut. By exempting disabled Veterans and survivors from the cut as stated in the BBA, Appropriators would reduce 10-year savings by **\$600 million**. Everyone else, however, who are non-disabled Veterans/retirees and survivors still face the COLA reduction cut as is currently written in the Budget law that passed last month.

In addition, the bill provides in this section **\$323 million** for the Department of Veterans Affairs (VA) to develop a unified electronic health record with DOD aimed at allowing the seamless transfer of medical records between the two departments. However, the bill does state that as a condition, the VA can only receive 25 percent of the funding for the project, known as VISTA Evolution, until a plan is submitted to Congress that outlines a budget and performance benchmarks. As of the writing of this, the House and Senate have passed the bill and it is on its way to the President to sign into law.

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

## **AUSN ON THE HILL**

This week, aside from monitoring the Omnibus Appropriations Bill developments and Congressional hearings, AUSN was very active this week on the Hill. AUSN participated in a meeting with other Veteran Service Organization's (VSO's) and the Chairman of the Senate Veterans' Affairs Committee (SVAC), Senator Bernie Sanders (I-VT). The subject of this meeting was how to proceed with comprehensive Veterans legislation, currently in the form of S. 944, which contains numerous bills of interest and priorities to AUSN. The bill was previously brought up for a Unanimous Consent (UC) agreement, but a hold was placed by Senator Tom Coburn (R-OK) with concerns about the package of Veteran bills being considered under UC. It now appears, after the meeting, that the bill will be re-written to include a few other bills pending for Senate floor consideration and brought up for a vote by the full Senate, rather than trying to get a UC agreement worked out. There is a strong desire to push forward this way since not much Veterans legislation, much less any other legislation, was passed into law during the 1<sup>st</sup> Session of the 113<sup>th</sup> Congress. AUSN will continue to monitor developments of this bill as it is re-introduced with the added bills that have already passed the Senate

Veterans' Affairs Committee (SVAC). In addition, AUSN also met with the Sea Cadets to strategize goals moving forward and went to the Pentagon this week to discuss other collaborative efforts. Finally, AUSN finalized its revised [Legislative Objectives Card for Calendar Year 2014 \(Fiscal Year 2015\)](#) which will be used in Congressional meetings throughout the year.

#### **PRIORITY BILLS INTRODUCED THIS WEEK**

**H.R. 3876, (*Official title yet to be released*)**. Introduced by Representative Al Green (D-TX-09), the bill would amend Title 38, United States Code, to direct the Secretary of Veterans Affairs to carry out a grant program to provide burials for homeless Veterans.

**H.R. 3858, Veteran-Centered Access to Coordinate Healthcare Act of 2014**. Introduced by Representative Adam Kinzinger (R-IL-16), the bill would amend Title 38, United States Code, to direct the Secretary of Veterans Affairs to enter into contracts with health care providers to improve health care access and care coordination for Veterans.

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, due to the Martin Luther King Jr. weekend holiday, Congress will not be in session. As a result, there will not be a Legislative Watch next week, but AUSN will still be active in making preparations for the following week when Congress returns. In preparation for the following week, AUSN will start finalizing arrangements for our annual Capitol Hill Reception on 28 January 2014 where we will honor Representative Jeff Miller (R-FL-01) and Senator Mark Pryor (D-AR) for their work this past year (if local to the DC area, [please RSVP here](#)). In addition, AUSN's Board of Directors will be meeting that day as well, so AUSN's Legislative Department will be making its annual presentation before the Board. In addition, that week AUSN will be meeting with staff of Representative Tammy Duckworth (D-IL-08) as well as senior leadership of the Navy Sea Cadet Corp. Finally, that week AUSN will be receiving a brief by TRIWEST on mental healthcare services.

#### **QUESTIONS/COMMENTS/CONCERNS**

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