

PA House Veterans Affairs Committee Hearing on House Bill 344 of Session 2007
Held June 5, 2008 at the State Capitol in Harrisburg

Testimony of Richard Hudzinski, Chairman, Lehigh Valley Military Affairs Council Supporting the Bill

• **Introduction**

Good morning Mr. Chairman and Members of the Committee, I am Richard Hudzinski, a retired Army Corps of Engineers officer, and Chairman of the Veterans Affairs Committee of the Lehigh Valley Military Affairs Council, a regional association which is concerned for the well-being of our veterans, servicemembers, and their families.

As a result of a concern over the claims system brought to us by local veterans, my organization conducted a formal study and reported its findings to the Pennsylvania War Veterans Council in September 2004, a joint session of the House and Senate Veterans Affairs and Emergency Preparedness Committees in November 2004, and the Adjutant General in February 2005 after previously briefing her Deputy Adjutant General several months before. This hearing on a state department of veterans affairs bill has been a long time in coming. It has taken too long when one considers we are at war and need to provide the best support possible to our estimated 54,000 veterans separated since 9/11 plus those veterans in inactive select reserve and guard status.

Those preceding me have discussed why a state department of veterans affairs with a cabinet-level secretary is so vitally important to the veterans of this commonwealth, and also to the military establishment. For my part, I shall discuss the cost of a separate department, make some comments on its structure and purposes, and finally provide some additional insights into why all of this is necessary. Most of the details of what I am about to discuss are contained in a bill analysis of HB 344 and a fiscal analysis on what it would cost us, if done today – included as an exhibit.

• **The Cost Issue**

As of 2007-2008, the cost of a Bureau of Veterans Affairs operation is about \$167 million. Veterans' affairs consume approximately 78 per cent of the entire Department of Military and Veterans Affairs general fund. Significant budget growth in the bureau has occurred over the past twenty years. In constant dollars, the operation is now three and half times larger. Large budgets should give us pause to review the situation to see if the existing organization meets current needs effectively and efficiently.

In addition to the recent implementation of Act 66, which provided grants for veterans organizations for additional claims and outreach services, the bureau headquarters and the state service officer cadre is growing. Since the Legislative Budget and Finance Committee (LB&FC) studied our system in early 2006, its report finally being released in October 2007 (an exhibit), the size has nearly tripled from previous reporting. The 2008-2009 budget alone is requesting an 8 FTE increase to aid in recovery of federal payments overlooked in the past and another FTE for outreach services. Adding the increases in homes and Scotland school staffing, it looks like there will be a 9% increase in FTE since 2003. This 2085 FTE organization is certainly much larger than the 635 FTE one of the late 1980's.

Seems to me we are at a critical period for stopping and reexamining where we are going. As you will remember, the Assembly called for the Legislative Finance and Budget Committee to study the situation and make recommendations to it. Ironically, the recent reactions to the study's recommendation of a state department of veterans affairs have the potential to cost more than the original proposal.

The report calculated just over \$8 million for staffing and equipping the headquarters properly (if it did not own facilities) – about a \$6.6 million increase. LVMAC has done its own analysis using Department of Military and Veterans Affairs data provided under the Right-to-Know Act. The price tag today would be about \$8.25 million. However, in light of the 2008-2009 budget proposal, the actual increase necessary would be less than \$3.4 million – meaning a 3% increase in the general funds to \$107.6 million. All the salaries, benefits, operating costs, to include leasing and rentals, have been considered. The estimate is conservative.

Several years ago, the Bureau had claimed it would require \$17 million additional to create a department. What has been proposed would now cost a fifth of that at the current rate of expansion. Regardless, its creation would pay for itself through increased state revenues, which would be substantial.

- **The Structure Issue**

What would this organization look like? Other than HB 344 specifying the creation of two bureaus, one for veterans benefits assistance and another for veterans homes and the Scotland School, the secretary would actually determine the rest of the form of the organization and all of its staffing, phasing it in using a combination of existing resources, new direct-hires, interagency agreements, and contracts to accomplish its new and old missions. However, the modeling work done by Defense Solutions for the LB&FC and also by LVMAC to arrive at cost estimates give us some idea of what would be involved.

The first major increase would be in the number of state service officers. The bill proposes fielding accredited state service officers to where needed and giving the department some control over county service officers when performing claims work and outreach tasks. As far back as 1991, a Legislative Budget and Finance Committee report on the same subject (exhibit) pointed out, "Creation of an independent administrative department or commission in Pennsylvania, without a major change in the state's reliance on independent county departments of veterans affairs, may serve to improve the visibility the state's veterans programs but is not likely to directly address concerns over outreach and coordination of services." Over 25 years later, this statement is still true and the same thinking is expressed in the more recent report.

The number of state service officers would probably increase to a total on the order of 20 to 30, after considering Act 66. However, if county "veterans service officers" are not brought under the state's operational umbrella by law as expressed in HB 344, as is done in some other states, more would be required. For its part, the bureau has recently added 9 to the previously existing 3 state service officers. The impact of a new department is thereby reduced to about 10 to 20 more.

The second major increase would be in the necessary support staff for an independent department. Unlike previously reported, the bureau does finance a considerable part of its support services. It does this by providing the funding from its veterans home budget for the Department of Military and Veterans Affairs to hire personnel at Indiantown Gap to provide purchasing, budget, human resource, legal support, etc. There has been no free ride. While an additional increase in personnel would be needed and wanted, the increase would not be as substantial as first thought, yet those increases would go a long way to improving the department's capability to plan, develop, manage, and assess programs.

Veterans affairs is much more than claims, state homes, a children's school, and, after discounting war bonuses, a few state aid programs which affected fewer than 4700 individuals in 2007 in a state with over 1 million veterans. Veterans affairs in other states address such issues as substance abuse, mental health, homelessness, home loans, transportation, employment and training assistance, reentry bonuses, fiduciary services, grant writing – and recommending and developing *bona fide* and timely veterans legislation of importance. You will note that we often confuse servicemember legislation with veterans legislation in this state. Regardless, all of this requires staff.

To sum up, the anticipated overall increase is expected to be on the order of 30 to 40 positions over what currently exists and is being proposed in the future budget. Consequently, the workforce for the headquarters and service officer cadre would total between 85 to 92 personnel. The Scotland School and state veterans' homes are not affected by this change except where more consolidation of common functions might occur. The sooner we act, however, the less the turmoil in position changes.

- **Why do this next step?**

But why do all of this? Why go the extra mile?

I have already implied there is more to veterans affairs than we have traditionally done. There are other reasons also.

Per capita statistics, data normalization, are frequently used by professionals in the VA and other organizations for better comparisons between states. For total US Department of Veterans Affairs expenditures per capita spent on this commonwealth in FY 2007, we rang in at number 42. We rang in 43rd for VBA veterans benefits received. Even those who insist on total dollar amounts should have cause for concern. While we are fifth in population, we have dropped to seventh in compensation and pension in the last few years, and are tenth in education and vocational rehabilitation in total dollars. We are also being propped up by hospital construction dollars flowing into the state. This is not something to depend upon year after year.

Let's spend a moment on compensation and pension claims activity because despite it being only one aspect of veterans affairs, as I have just said, there are those among us who believe it is *the raison d'etre*. In fact, the first need of the vast majority of young veterans is a good paying job; for others, education. A home is certainly up there in the list of priorities, if married, for the stability of the family.

Trend lines show that Pennsylvania has not significantly risen in the number of compensation and disability pension cases over the past five years despite the VA processing more claims than it has ever done in its history. We are in effect, static, while we should be expecting to see veterans seeking compensation and pension at an increased rate because war and aging populations create the demand. We appear to be missing the boat.

And why shouldn't we be? Our Bureau-County Director system is more an *ad hoc* arrangement than a driven machine. It is not a significant influencer for success.

Bureau-County performance over just the last two years should not be exaggerated, either. There is a lot to make up for. New York's state service officers haul in over two to three times as much in dollars per year with less accredited service officers. In its entire history, our bureau-county system has accounted for only about 6 per cent of the compensation and pension cases and total award dollars. The VFW with far, far fewer service officers has performed at the same overall level. Clearly, the system, for all its concentration on claims, must be ineffective and inefficient. Clearly, the state has not realized its responsibility as the retailer of this type of benefit to our veterans, as a go-between for federal government as is done by other state agencies.

Something new needs to be tried. The VA will be expecting more of veterans service officers in the future, not less; and the system has become much more complex and litigious than it was in the early 1970's. Yet we seem to be stuck in a seventies mentality on what veterans require, while the need and demand for service of those veterans has changed. If the first Persian Gulf War in 1991 portends what is to come, we are in deep trouble. Initially there were 383 deaths and 487 injuries from that war. By 2002 the VA had recognized 262,586 disabled by the war and another 10,617 died of combat-related injuries or illnesses since – a 30.8% casualty rate. We have lost over 4,000 killed in the current wars and suffered thousands of casualties and scores upon scores of extremely serious injuries. What will the VA see in the way of a casualty rate for this group in seventeen years? Our current system just is not equipped to handle the onslaught.

Furthermore, we sorely need a system with the authority and capability to integrate the efforts of others, like county directors, DLI Governor Outreach and Assistance Center contract employees, veterans service organizations under grant contract, DLI veterans employment representatives, and DOE veterans education advisors. All should be involved and working together, referring work to each other with a customer service mentality. Every study entered as an exhibit, including the Auditor General's, has touched upon this to some extent.

We should stop making excuses for failures. It is getting us nowhere. Good people can only go so far with this system. We are not in a situation where we are number eight in new claims, as it has been sometimes reported, implying all we need do is refine the current operation. It is a 2005 statistic for dollars received per service-connected compensation recipient. Such a metric tells more about the general seriousness of injuries than the about number of veterans being helped, who is being helped, and how well they are being helped.

New York is a good state for comparison for many reasons to include that its veterans population is almost the same as our own. In 2007 it remained in fourth position on total expenditures, exceeding \$3.5 billion, or about \$750 million more than we received. It did this despite its substantial problem with veterans departing the state after successfully being awarded a claim, and its lower number of military retirees and Vietnam veterans by comparison. Its outreach has been more successful over time and it has been more involved with the transitioning of all veterans returning from the war. Annually, it handles over 35 per cent of the veterans claims cases, meaning 70% of all veterans service officer work in the state. Not 6%.

Quite simply a greater dynamic is involved: a state government organization that has a governor's ear and attention; equal status with other secretaries whose departments provide services to veterans; more direct involvement with the highest levels of the VA; more resources at its disposal; more ability to control those resources and place them where needed; and more performance management and accountability. And it seems to be getting beyond that narrow thinking that views claim work as the objective rather than as part of a continuum of services reinforcing one another to bring the veteran finally home.

Ultimately, for some there will never be enough statistics to justify change, and metrics will fall short. The top-notch Institute of Defense Analysis, when asked to study why one state performs better than another in disability compensation, commented upon the problem with the accuracy and completeness of VA data necessary to good evaluation. The result was an incomplete study where it had to question some of its own findings. As example, the statistical results showed that service officers had an adverse effect on compensation dollars and on the percentage of veterans receiving compensation. However, this is not an excuse to do nothing. It did not stop Act 66. It should not stop the move towards a separate department.

In the end, this is about common sense, your gut thinking; your willingness to try something new; your moral compass. Other state legislatures have shown us the way. Most recently Ohio became the 29th state to enact legislation for a separate department of veterans affairs. Veterans organizations, officials, legislators, and the Adjutant General all agreed this was in the best interests of its returning veterans and those that have not been well served in the past. Why should we be any different? We should want to be like New York, not New Jersey; like Florida, not Michigan; and now, like an Ohio.

Conclusion

To conclude, the times have changed. The cost of creating a new department is modest considering the cost-benefit. The department envisioned in House Bill 344 will give us the capability to perform a wider array of necessary veterans affairs missions. The surface data provides no excuse not to move onto more advanced ways of assisting our veterans and doing business, especially knowing the consequences we are facing from this war. We need a new vision of what veterans affairs is about and the tool to accomplish it.

Government is responsible for its veterans. It sent them to fight. A moral debt is owed. To honor this obligation we must rededicate ourselves to the primary purposes of a veterans affairs system: to reintegrate returning veterans into the society as productive citizens; to care for the widows and orphans of the fallen; and to minister to those broken in body or mind by the hardships of war and in need of our aid. Whether veteran or not, we as citizens are responsible for assuring those purposes are accomplished in the most effective and efficient manner possible.

We have depended far too long on a BVA-County Director system that has serious flaws in it and has limited capabilities. It is not up to the modern requirements. While Act 66 may prove its worth as a tool to assist veterans service organizations in performing claims services, it is a patch nonetheless, and more importantly there is more to do and deliver than veterans service officers can provide. Do not doubt that.

Again, House Bill 344 provides the foundation to creating that better way. We ask that you become proactive for a state department of veterans affairs with a cabinet-level secretary. Do not be deterred by the naysayers. This is good for all: the veteran, his or her family, the military, the veterans service organizations, the commonwealth, the taxpayer, and above all, our society.

Thank you, Mr. Chairman. I would be pleased to answer any questions the members may have.

RICHARD J. HUDZINSKI