

## NATIONAL ECONOMIC COMMISSION

### **Topic 1: Certain Payments to Disabled Veterans Ruled Tax-Free; Some May Be Due Refunds**

**BACKGROUND:** The Internal Revenue Service (IRS) announced that payments under the Department of Veterans Affairs (VA) Compensated Work Therapy (CWT) program are no longer taxable and disabled veterans who paid tax on these benefits in the past three years can now claim refunds. Recipients of CWT payments will no longer receive a Form 1099 from the Department of Veterans Affairs. Disabled veterans who paid tax on these benefits in tax-years 2004, 2005 or 2006 can claim a refund by filing an amended return using IRS Form 1040X. According to the VA, more than 19,000 veterans received CWT in Fiscal Year 2007. **ACTION:** A copy of this ruling will be made available and sent to all Employment and Homeless Veterans Task Force Chairmen. **POLICY:** The American Legion does not have a position on this specific issue.

### **Topic 2: Letter sent to House Veterans Affairs Subcommittee on Economic Opportunity MGIB**

**BACKGROUND:** With the added language of enhanced education eligibility for members of the Reserve Components in the National Defense Authorization Act (NDAA), H.R. 1585, the committee has requested that we re-submit our top five priorities in a new G.I. Bill. **ACTION:** The American Legion is proud to list its recommendations for improving veterans' education benefits. The American Legion strongly feels that all of our recommendations are important, have equal weight, and that all of our recommendations should be enacted in to law; however, the top five recommendations should be enacted immediately. **POLICY:** 1. Raise the Rates: The American Legion recommends that the dollar amount of the entitlement should be indexed to the average cost of college education including tuition, fees, textbooks and other supplies for commuter students at an accredited university, college or trade school for which they qualify and that the educational cost index should be reviewed and adjusted annually. 2. Equity of benefits for time served on Active Duty: The American Legion recommends that Federally activated Reserve component members get one month of benefits, at the active-duty rate, for each month of mobilization up to 36 months. 3. Recodification: The American Legion recommends that Congress move the Montgomery GI Bill-Reserve Education Assistance Program (REAP, Chapter 1607) and the Montgomery GI Bill-Selected Reserve (MGIB-SR, Chapter 1606) and from Title 10, United States Code (USC), to Title 38, USC, and that the Department of Veterans Affairs (VA) have administrative authority for both the MGIB and all MGIB-SR and REAP benefits. We recommend that the annual appropriations for the MGIB and the MGIB-SR become annual mandatory appropriations within VA. 4. Open Enrollment: The American Legion supports that enrollment in the MGIB shall be automatic upon enlistment. However, benefits will not be awarded unless eligibility criteria have been met. The American Legion supports the termination of the current military payroll contribution (\$1200) required for enrollment in MGIB. 5. Transferability of benefits: The American Legion supports the transfer of Montgomery GI Bill benefits from veterans to their immediate family members if the veteran elects to do so.

**Topic 3: Nominations for National Economic Commission Awards for 2007 Due January 15, 2008**

**BACKGROUND:** The National Economic Commission implores each department to submit their full allotment of Nine (9) nominations for our award programs. We are striving to reach 100% participation in this program. **Deadline for submittals for 2007 is JANUARY 15, 2008.**

**ACTION:** By recognizing employers we hope that this will cause a competitive push of future additional employers to compete for these awards. In turn, this will promote an increase of the number of employers that provide employment opportunities for veterans. Furthermore, participation, coordination and cooperation between employers and veterans are a vital component of our commissions' mission statement. **POLICY:** Feel free to contact the National Staff for any assistance. We look forward to receiving your applications. Nomination forms can be found at:

[http://www.legion.org/?section=veterans&subsection=vt\\_servasres&subsection2=vt\\_award\\_progs&content=vt\\_award\\_progs](http://www.legion.org/?section=veterans&subsection=vt_servasres&subsection2=vt_award_progs&content=vt_award_progs)

**Topic 4: Homeless Veteran Task Force Assistance**

**BACKGROUND:** Each VA VISN has a Homeless Coordinator dedicated to assist Homeless Veterans, Homeless Veteran Providers, and organizations such as The American Legion in assisting homeless veterans. The Homeless Coordinator at each program can give you information about the services for Homeless Veterans provided through the Veterans Health Administration. Services include outreach, case management, referrals to benefits counselors, linkage to health care, and housing assistance. Each facility is unique and services vary among each medical center. These coordinators are also the lynchpin to all the homeless veteran providers for each VISN and medical facility. **ACTION:** A toolkit created by the staff of the Economic Division with the assistance of the United States Interagency Council on Homelessness, a listing of all VA Homeless Coordinators with a list of recommended questions have been sent to all Homeless Veterans Task Force Chairmen. **POLICY:** Homeless Veterans Task Force Chairman are strongly urged to be in direct and frequent contact with these individuals. On the local level, they can provide names of their 130 Grant and Per Diem liaisons that work face to face with the homeless veteran providers attached to each VA medical facility. In order to prevent a national epidemic of homeless veterans in the upcoming years, measures must be taken to assist those veterans who are homeless. Steps must also be taken to prevent the future homelessness of veterans and their families. The American Legion seeks to assist all homeless veterans and to prevent future homelessness.

**HAPPY HOLIDAYS!!!**

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## Legislative Division Update

### **TOPIC 1: Medicare Reimbursement for VA medical care**

**BACKGROUND:** VA is prohibited from billing Medicare for third-party reimbursements for the treatment of enrolled, Medicare-eligible veterans' nonservice-connected medical conditions. The American Legion recommends Medicare reimbursements to supplement VA annual budget. **ACTION:** The American Legion continues to lobby lawmakers to authorize VA to collect third-party reimbursements from the Centers of Medicare and Medicaid Services (CMS). **POSITION:** The American Legion fully supports Medicare reimbursement for VA and will seek legislation in the 110<sup>th</sup> Congress.

### **TOPIC 2: Mandatory Funding for VA medical care**

**BACKGROUND:** The American Legion, VFW, DAV, AMVETS, Blinded Veterans Association, JWV, Military Order of the Purple Heart, PVA, and VVA have joined forces in support of change VA medical care from *discretionary* to *mandatory* annual appropriations. The goal is to help stabilize VA medical care funding by using a formula based system similar to Social Security and Medicare. In a meeting with Representative Reynolds, members from The American Legion asked the congressman to consider mandatory funding to meet our medical care obligations to returning service-members. Rep. Woolsey (CA), introduced H.R. 508 titled *Bring the Troops Home and Iraq Sovereignty Restoration Act of 2007*, which has **52** cosponsors in the House of Representatives. Section 301 asks for assured funding for veteran healthcare. In addition, Rep. Kuhl (NY) has introduced a freestanding measure, H.R. 1382, entitled the *Mandatory Funding for Veterans Act of 2007*. Finally, Rep. Hare (IL) reintroduced legislation offered by his predecessor, Lane Evans, H.R. 2514, *Assured Funding For Veterans Health Care Act*. This bill is supported by the "Partnership" and currently has **115** cosponsors. **ACTION:** On July 25, the Partnership for Veterans Health Care Budget Reform presented testimony to the Senate Veterans' Affairs Committee supporting mandatory funding for VA health care programs. As a member of the Partnership, The American Legion fully supports the its statement. On October 3, the House Veterans' Affairs Committee held a similar hearing. When asked by lawmakers, VA witnesses expressed opposition to mandatory funding for VA medical care. **POSITION:** The American Legion will continue to seek legislation for assured funding in the 110<sup>th</sup> Congress and monitor this bill as it works its way through Congress.

### **TOPIC 3: Disabled Veterans' Tax in the 110<sup>th</sup> Congress**

**BACKGROUND:** Two years ago, President Bush signed PL 108-136 to allow certain service-connected disabled military retirees with at least 20 years of service to concurrently receive both their military retired pay and their VA disability compensation without the dollar-for-dollar offset. This created two different programs, the Combat Related Special Compensation and the Concurrent Retirement and Disability Pay. **CRSC** allows eligible military retirees to receive both their military retirement pay and VA disability compensations without any offsets and tax-free. Initially, **CRDP** would be phased in over a 10-year period for military retirees whose service-connected disabilities are rated at 50 percent or greater (military retirement pay is still taxable and VA disability compensation is tax-free, but there is not offset). PL 108-375 contained a provision to repeal the 10-year phase-in for eligible 100 percent service-connected disabled military retirees. For those rated 100 percent service-connected disabled based on unemployment, will receive the full benefit by 2009. Final regulations for this provision are

still being promulgated. So far three bills have been introduced in the 110<sup>th</sup> Congress to repeal the Disabled Veterans' Tax. Rep. Marshall (GA) introduced HR 333, a bill that fully rescinds the tax, and includes provisions for Chapter 61 retirees; this measure has **60** cosponsors. Freshman Rep. Bilirakis (FL) has introduced HR 303 – currently with **156** cosponsors – while Sen. Reid (NV) has introduced S. 439, with **29** cosponsors. Last week the conference report for HR 1585, the FY 2008 National Defense Authorization Act, was approved by Congress and presented to the President this week for his signature. Under its provisions, Chapter 61 military retirees with less than 20 years of military service can now qualify for concurrent receipt of their military retirement pay and their VA disability compensation without the dollar for dollar offset. In addition, military retirees rated 100 percent service-connected disabled due to Individual Unemployability will receive full concurrent receipt within out the phase-in agreed to last year. **ACTION:** The American Legion will continue to urge expanding benefits for *all* service-connected disabled military retirees in the 110<sup>th</sup> Congress. **POSITION:** The American Legion supports the full repeal of the Disabled Veterans' Tax in the 110<sup>th</sup> Congress.

#### **TOPIC 4: Immigration Reform**

**BACKGROUND:** The American Legion has been actively engaged in the debate over Illegal Immigration, especially with regards to the proposed “Comprehensive Immigration Reform” measure currently in the Senate. A group of bipartisan Senators and the President have been working on a measure which they contend will fix the problems at the border, and will allow those illegally here to remain, but which they contend is not “Amnesty.” President Bush personally came to the Hill with a new package that would add \$4.4 billion for fencing along the southern border. On June 28, this measure failed to get the 60 votes necessary to invoke cloture, which would shut off debate on the bill. **ACTION:** The American Legion met with various organizations that are opposed to this measure and coordinated a grassroots response. Additionally, we continue to get The American Legion's Policy Paper on Illegal Immigration ([http://www.legion.org/documents/pdf/immigrationpaper\\_0507.pdf](http://www.legion.org/documents/pdf/immigrationpaper_0507.pdf)) into as many hands as possible both on Capitol Hill and within our grassroots community. We have also testified before the House Immigration Subcommittee on assimilation of immigrants. **POSITION:** The American Legion remains opposed to any measure that grants a de facto amnesty to those illegally in this country. We remain committed to first securing the border as a National Security concern.

#### **TOPIC 5: VA Budget for FY 2008**

**BACKGROUND:** On June 6, the full House Appropriations Committee approved a draft bill to fund Military Construction projects and the Department of Veterans Affairs (VA) for FY 2008. The measure was cleared by a unanimous 56-0 vote of the committee. The bill would increase VA's budget to a total of \$87.7 billion, \$9.9 billion above the FY 07 level – the largest single increase in VA's history – and \$3.8 billion above the President's request for the upcoming fiscal year. VA medical care would be funded at \$36.6 billion, \$2.2 billion more than allocated by the White House. The draft sets major construction funding at \$1.4 billion, nearly \$700 million above the President's request. This increased amount is specifically intended to address CARES construction projects. It also increases funding to VA's repair and maintenance needs to avert any incidents similar to the Walter Reed experience from happening in the VA system. On June 14, the Senate Appropriations Committee approved its version of this appropriations bill, S 1645. This version was very close to the funding levels recommended by the House.

The full House on June 15 passed HR 2642, the Military Construction, Veterans' Affairs, and Related Agencies appropriations act for FY 2008, by a vote of 409-2. On September 6, the Senate passed HR 2642 by a vote of 92-1. This measure met or exceeded the recommendations of The American Legion.

On November 1, House-Senate conferees completed work on the conference report for HR 2642. House leaders attempted to combine the MILCON/VA bill with the Labor-HHS-Education bill, but were thwarted by GOP Senate Leaders. Finally, on December 17, 18 and 19 the House and Senate passed HR 2764, a consolidated omnibus spending bill to fund the federal government for the remainder of FY 2008 – with the exception of the Defense Department, whose funding measure was enacted in mid-November. The chart below compares VA funding for FY 2007, as passed by House Senate conferees in early November, and as contained in the consolidated omnibus spending bill.

The President signed the omnibus spending bill on December 26, 2007. The American Legion National Commander has written the President urging him to seek the additional \$3.7 billion in VA funding.

Discretionary Funding Programs	FY 2007 Funding	Conference Report, HR 2642	Conference Report, HR 2764	Emergency Spending Amounts*
<b>Total Medical Care</b>	<b>\$32.3 billion</b>	<b>\$36.7 billion</b>	<b>\$34.2 billion</b>	<b>\$2.5 billion</b>
Medical Services	\$25.5 billion	\$29.1 billion	\$27.2 billion	\$1.9 billion
Medical Administration	\$3.2 billion	\$3.5 billion	\$3.44 billion	\$75 million
Medical Facilities	\$3.6 billion	\$4.1 billion	\$3.6 billion	\$508 million
Medical/Prosthetics Research	\$414 million	\$480 million	\$411 million	\$69 million
Major Construction	\$399 million	\$1.1 billion	\$727 million	\$342 million
Minor Construction	\$199 million	\$631 million	\$233 million	\$342 million
State Veterans' Homes Construction Grants Program	\$85 million	\$165 million	\$85 million	\$80 million
State Veterans' Cemetery Construction Grants Program	\$32 million	\$39 million	\$32 million	\$7 million
National Cemetery Administration	\$161 million	\$195 million	\$167 million	\$28 million
General Operating Expenses	\$1.5 billion	\$1.6 billion	\$1.47 billion	\$133 million
Information Technology	\$1.2 billion	\$2.0 billion	\$1.86 billion	\$107 million

*\* The "Emergency Spending Amounts" column – a total of \$3.7 billion – is additional spending, included in the conference report for HR 2642, the original VA-Military Construction but stripped out of the Omnibus funding bill. Adding the last two columns above will yield funding amounts approved by Congress; President Bush will have until January 18, 2008 to declare a need for the "emergency spending" before it can be released and allocated to the needed areas.*

**POSITION:** The American Legion fully supports the funding totals as approved by Congress for VA discretionary programs. However, we will urge the President to make the declaration that emergency funding is needed. The President had expressed his willingness to enact the VA funding levels approved by Congress, rather than veto the original spending bill. We will monitor the situation very carefully as the January 18 deadline approaches.

**TOPIC 6: Flag Amendment**

**BACKGROUND:** The American Legion remains committed to protecting Old Glory from acts of physical desecration and overturning *Texas v. Johnson* (1989). **ACTION:** Rep. Murtha (PA) has introduced H.J. Res. 12, “*The Congress shall have power to prohibit the physical desecration of the flag of the United States.*” H.J. Res. 12 currently has **54** cosponsors. **POSITION:** The American Legion fully supports a proposed constitutional amendment to prohibit the physical desecration of Old Glory.

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For Week Ending: 12-28-07

**NATIONAL SECURITY AND FOREIGN RELATIONS DIVISION**  
**Weekly Report dated December 28, 2007**

**Directors Notes:** This, rightfully so, has been a quiet week with minimum staff on hand. As of this writing on Thursday, the week has changed from a joyous week to a sad ending with the breaking news that Benazir Bhutto, a tested and humane leader and advocate for human rights and democracy in Pakistan, was just assassinated by a suicide bomber. Let us make a strong New Year's wish for Peace in 2008. Let us wish that our important Ally, Pakistan, makes it through this crisis and avoids civil war and chaos that feeds into our extremist enemies' strategic plan for their Caliphate from Egypt to Afghanistan.

**Topic 1. Defense Spending Bill:** We are keeping our fingers crossed that President Bush will sign the Bill, filled with most of what The American Legion has advocated for, into law.

**Topic 2. National Guard Surge:** In 2008, the National Guard will surge to relieve pressure on the Regular Army (RA). To support GWOT, Army Reserves will remain mobilized at numbers somewhere from 12,000 to 15,000 soldiers. Army National Guard (ANG) will surge from approximately 28,000, at present, to over 50,000 in support of GWOT. With the RA worn out by the surge and expected to draw down 30,000 soldiers by mid-2008 from Iraq, the burden shifts back to the ANG with Iraq force structure expected to then level off at approximately 120,000 soldiers in 2008.

**Topic 3. Sacrifice:** Active duty ground troops (RA and Marines) have generally seen more combat than reservists. The RA and the Marines have suffered the highest death rates since 9/11 in Iraq and Afghanistan, but the ANG is close behind, serving a larger role in combat than the other reserve forces and, per the above, soon to get larger. Death rates per 10,000 deployed soldiers or marines by component are:

<b>RA</b>	<b>50</b>		
		<b>USMC</b>	<b>49</b>
		<b>ANG</b>	<b>25</b>
		<b>AR</b>	<b>14</b>

**Topic 4. Army Reserve Component- Community Based Health Care Organization (CBHCO).** This program allows a recuperating Reserve Component Soldier to obtain services from medical facilities near home, while remaining on active duty. **CBHCOs** provide Reserve Component Warriors in Transition (**WTs**) high-quality health care and administrative processing through nine **CBHCO** units, managing more than 1,300 Soldiers, who live in all parts of the country. Mobilized Army National Guard (**ARNG**) and Reserve Soldiers work within **CBHCOs**, exercising command and control (C2), and clinical oversight, for their component's **WTs** undergoing medical treatment, through Military or **TRICARE** network providers in their local area. Army Medical Command's four Regional Medical Commands manage the **CBHCO** program and the care **WTs** receive. Experienced nurse case managers coordinate healthcare appointments, track **WTs** progress, and ensure care meets Army, and **TRICARE**, standards. More than 350 **ARNG**, and many **AR** Soldiers, are assigned as cadre in support of **CBHCOs**,

alongside their fellow **RC** health care professionals.

What have the Army Reserve and the **ARNG** done? The Army Reserve and **ARNG** continue to support the **CBHCO** mission by mobilizing both C2 and Army Medical Department (**AMEDD**) personnel, from a number of states, to work with the **CBHCO WTs**. This support brings Reserve Component expertise to health care, and to the individual requirements faced by these **WTs**.

What continued efforts have the **AR** and **ARNG** planned for the future? The Army Reserve and the **ARNG** remain committed to supporting the medical needs of their Warriors in Transition and Families. The **RC** also will continue to extend services to deployed Soldiers' Families throughout the mobilization cycle.

Why is this important to the Army? Before **CBHCO**, injured or ill **RC** Soldiers who remained on active duty for treatment had to live at an Active Army installation. Not only did their numbers grow, challenging installation housing and medical capacities, Soldiers were away from their Families, units, and communities, while receiving medical care. The **CBHCOs** have given Warriors in Transition, and their Families, more opportunity to be close to one another, and to heal.

End of Report: Wishing for all you, and for the entire Planet Earth, that 2008 will be great!

Prepared by: Philip D. Riley, Director

## NATIONAL VETERANS AFFAIRS AND REHABILITATION COMMISSION

### TOPIC 1: VA Committee Chairman Introduces Bills Regarding Veterans Mortgages.

**BACKGROUND:** This week House Committee on Veterans' Affairs Chairman Bob Filner (D-CA) introduced a pair of bills to address the needs of veterans during the ongoing subprime mortgage market crisis.

**H.R. 4884,** The Veteran Home Loan Guaranty Improvement Act of 2008, will make home loans more accessible to veterans by easing restrictions on the home loan guaranty programs administered by the Department of Veterans Affairs (VA). The bill eliminates the equity requirements for refinancing in response to the declining home values that prohibit many veterans from qualifying for the benefit. The bill also reduces the VA guaranteed home loan funding fees to one percent and eliminates the funding fees for veterans seeking to refinance a home loan.

**H.R. 4883** will prohibit foreclosure of property owned by a servicemember for one year following a period of military service.

**POSITION:** The American Legion supports HR 4884 and HR 4883.

**ACTION:** The American Legion will continue to monitor the progress of these bills.

### TOPIC 2: House of Representatives Passes Atlanta VA Legislation.

**BACKGROUND:** On December 19 the House of Representatives passed S. 1396, a bill to modernize the inpatient wards at the Department of Veterans Affairs Medical Center in Atlanta, Georgia. The legislation authorizes \$20.5 million to complete the upgrades. It awaits the signature of President Bush.

**POSITION:** The American Legion strongly supports the upgrades to the Atlanta VA Medical Center inpatient wards.

**ACTION:** The American Legion will continue monitor the implementation of the Atlanta VA upgrade.

### TOPIC 3: Virginia Considering New Veterans Legislation

**BACKGROUND:** Virginia House of Delegates Member Scott Lingamfelter, R-Woodbridge has proposed a state constitutional amendment where veterans with permanent, combat-related disabilities would be exempted from real estate taxes on their homes. The Virginia General Assembly will consider the amendment when it convenes Jan. 9, 2008. Virginia has about 730,000 veterans, almost 10 percent of the state's total population.

**POSITION:** The American Legion supports measures that will help American disabled veterans.

**ACTION:** The American Legion will continue to monitor the progress of the proposed Virginia Constitutional Amendment.

#### **TOPIC 4: Congress Makes Burial Markers Permanent**

**BACKGROUND:** Last week Congress passed legislation that would improve the burial benefits of veterans. The legislation makes permanent a policy in which the U.S. Department of Veterans Affairs will provide headstones for veterans and for families of veterans who have privately purchased headstones, the new bill will also provide service markers to be attached to those headstones. The bill passed the U.S. Senate last month and passed the House last week. The bill provides markers for those veterans who died between 1990 and 2001. For deceased veterans whose families have already purchased headstones, the state department of veterans affairs will provide a medallion or bronze plate to be attached to the existing headstone.

**POSITION:** The American Legion supports the permanent grave marker policy

**ACTION:** The American Legion will continue to monitor and support the VA Burial program.

#### **TOPIC 5: Bush approves funding for Sarasota VA Cemetery.**

**BACKGROUND:** As part of an omnibus spending bill he signed, President Bush approved 28 million dollars for the Sarasota VA National Cemetery.

**POSITION:** The American Legion supports full funding for VA National Cemeteries.

**ACTION:** The American Legion will continue to monitor the progress of the VA National Cemeteries and Burial programs.

#### **TOPIC 6: Additional National Cemetery Planned for Alabama**

**BACKGROUND:** This week the VA announced Alabama will soon be home to another national veterans cemetery. The 479-acre site will be located near the American Village in Montevallo.

**POSITION:** The American Legion strongly supports the need for additional national cemeteries for our veterans.

**ACTION:** The American Legion will continue to monitor the progress of the VA National Cemetery program.

## **TOPIC 7: California Considering New Veterans Benefits**

**BACKGROUND:** In two weeks California Governor Arnold Schwarzenegger will be proposing state-wide changes that will help veterans obtain better jobs. He's also expected to propose legislation to provide tuition and financial assistance to members of the California National Guard who want to attend community colleges and state universities. California is the only state that does not provide financial aid to National Guard members.

**POSITION:** The American Legion supports the expansion of tuition and financial assistance to all veterans.

**ACTION:** The American Legion will continue to monitor the progress of the proposed actions in California.

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