

**Statement of
The Honorable Anthony J. Principi
Secretary of Veterans Affairs
Before the
Committee on Veterans Affairs
United States House of Representatives**

September 12, 2002

Mr. Chairman and Members of the Committee:

I am pleased to be here today to discuss the Department of Veterans Affairs' (VA's) programs and services for homeless veterans. As you requested, I will focus on the progress VA has made in implementing programs and services authorized by the Homeless Veterans Comprehensive Assistance Act of 2001, Public Law 107-95 and on our implementation of the Loan Guaranty for Multifamily Transitional Housing for Homeless Veterans Program.

Public Law 107-95 is the most comprehensive law that has been enacted to address the needs of homeless veterans. It consolidates VA's authority to provide health care, housing, employment training, and other benefits and services to homeless veterans in a new Chapter 20 of title 38, United States code. It also enhances existing VA programs for homeless veterans and further provides for new joint Federal initiatives targeted at preventing homelessness among the most vulnerable veterans.

With this legislation, Congress has identified ending chronic homelessness among veterans within the decade as a national goal. We believe that the authorities provided by Public Law 107-95 will greatly assist in that effort. However, it will take significant resources to implement many of these provisions. Many of these programs must be weighed against other VA health care priorities.

President Bush signed Public Law 107-95 on December 21, 2001; less than nine months ago. Since then, we have made good progress in implementing the programs authorized by this law.

Homeless Advisory Committee

On April 12, 2001, I announced the creation of VA's Advisory Committee on Homelessness Among Veterans. Robert Van Keuren, the Coordinator for Homeless Veterans Programs in Network 2, chairs this 15-member committee. The remaining members of this committee bring together a wide range of knowledge and experience in serving homeless veterans. They represent Veterans Service Organizations, and faith-based and community-based service providers, they have years of experience in mental health and substance abuse treatment, employment training and vocational

rehabilitation. Many represent organizations that are recipients of VA, Department of Housing and Urban Development (HUD), and Department of Labor (DOL) grants that have allowed them to develop successful programs for homeless veterans. They are committed to working with VA to enhance and improve services for homeless veterans.

The committee held its first meeting in Washington, D.C. in early June and plans to hold its second meeting next week in Cleveland, OH. It has formed subcommittees to address health care, benefits, and partnerships. I look forward to receiving the Committee's first report early next year and plan to forward that report to the Congress along with my recommendations by June 30, 2003.

Interagency Council on Homeless – Federal Relationships

The administration has been very focused on making government work better to address the needs of citizens who find themselves homeless. VA is a vital partner in these efforts.

President Bush has revitalized the United States Interagency Council on the Homeless (ICH) and VA is an active participant. We held the first cabinet – level meeting in six years on July 18, 2002. Mr. Philip Mangano, the executive director, has experience both as a provider and advocate on behalf of the homeless. The Secretary of the Department of Housing and Urban Development, Mr. Martinez, brings strong leadership to the council, and I will be an active partner.

This Administration has aimed to end chronic homelessness in a decade. While this is an ambitious request, VA and the ICH are actively pursuing this goal.

VA, the Department of Health and Human Services (HHS), and HUD have developed a working definition of chronic homelessness: "an unaccompanied adult homeless individual with a disabling condition who has either been continuously homeless for a year or more or has had at least four episodes of homelessness in the past three years." This definition is significant because it focuses national attention on those with the greatest needs. As you know, a significant percentage of the chronically homeless are veterans.

We have been working closely with HHS and HUD to partner with Federal and state efforts to assist homeless persons through state-level policy academies that bring decision makers together to plan comprehensive strategies to aid all homeless persons in their states. VA participated in a policy academy about the best practices for ending chronic homelessness. Others are scheduled in the next fiscal year. Also, a national meeting involving all states and significant Federal agencies targeted to assisting the chronically homeless is being planned.

VA is actively working with HUD, HHS, the Departments of Justice, Labor, and Agriculture and the Internal Revenue Service on a variety of issues to improve veterans' access to homeless related services and homeless prevention services.

Homeless Providers Grant and Per Diem Program

The Homeless Providers Grant and Per Diem Program has been one of VA's most successful programs in addressing the needs of homeless veterans. This program allows VA to assist state and local governments and non-profit organizations in developing supportive transitional housing programs and supportive service centers for homeless veterans. These organizations may also use VA funds to purchase vans to conduct outreach and provide transportation for homeless veterans. Since the program was authorized in 1992, VA has obligated \$63 million to the grant component of the program. These funds are helping to develop 5,700 transitional housing beds and 17 independent service centers, and helping to purchase 128 vans. These projects are in 45 states and the District of Columbia. To date, 3,400 of the 5,700 grant-funded beds (60%) have become operational. It is expected that over 7,900 episodes of care will have been provided in those beds by the end of this fiscal year.

In addition to community-based beds that have become operational as a result of VA grants, VA supported the dedication of existing community-based beds to homeless veterans through a 2-year "Per Diem Only" award in FY 2000. Approximately 1,200 beds in existing community-based programs were supported under this initiative, and it is expected that 2,800 episodes of care will have been provided to homeless veterans by the end of FY 2002.

As a result of the success of the Homeless Providers Grant and Per Diem Program and its cost effectiveness as compared to the contract program, VA is shifting \$13.5 million from contracted community-based residential treatment to the Grant and Per Diem Program. There is no appreciable difference in outcomes between homeless veterans placed in contracted beds and homeless veterans placed in per diem funded beds, and the cost per episode in per diem funded beds is significantly less.

In addition, VA's budget for FY 2003 identifies an additional \$8 million for expansion of faith-based and community-based services for homeless veterans under the Grant and Per Diem Program.

In June, VA announced the availability of "Per Diem Only" funding. Over 270 applications for funding were submitted from applicants in 45 states and the District of Columbia. Funding was requested to support approximately 5,800 beds for homeless veterans. Approximately 25% of the applications were submitted by faith-based organizations. It is clear from this response that there continues to be a great need to work with our community partners to develop transitional housing for homeless veterans across the country. We expect to announce the Per Diem Awards in October.

Public Law 107-95 has made significant changes to the Homeless Providers Grant and Per Diem Program and has given VA additional grant authorities. Specifically under the law, VA can:

- Recapture unused grant funds.
- Pay for the full cost of a day of care, not otherwise covered by non-VA funding, up to the State Home Domiciliary rate.
- Offer technical assistance grants to assist eligible organizations apply for VA grants and grants from other Federal and state agencies in order to develop programs for homeless veterans.
- Offer grants to grant and per diem recipients to assist them in serving segments of the homeless veteran population with special needs (women, including women with children, chronically mentally ill, frail elderly and terminally ill)
- Offer grants to existing grant recipients to assist them in meeting national fire and safety codes.

We have prepared draft regulations to address changes to the existing program and set forth the rules that will govern the new grant programs. The draft regulations are going through a final review in VA and we expect to send them to OMB this fall.

In addition, VA medical centers' Fire and Safety Engineers have worked with our existing grant recipients to identify deficiencies in compliance with national fire and safety standards and the cost of correcting those deficiencies. A report of these findings has been forwarded to the national Grant and Per Diem Office and VA's Office of Facilities Management for final review. This information will assist in preparation of the grant offering to assure that existing grantees can improve their programs to meet federal fire and safety standards. A preliminary review of the information by existing grant recipients suggests that approximately \$3.5 million in grant funds will be required to assist the effort.

We are also making internal changes to improve our management and oversight of the services provided by our grant and per diem recipients. The following actions are in process:

- VHA is preparing a directive that will outline administrative and clinical responsibilities for VA medical center staff that are assigned as liaisons to grant and per diem funded programs. This directive will also outline annual inspection procedures to include fiscal, clinical and safety reviews of operational community-based programs.
- VA medical center staff that serve as liaisons will be required to file annual financial disclosure statements, which includes an ethics training requirement.
- VA's Northeast Program Evaluation Center (NEPEC) continues to closely monitor outcomes for homeless veterans who receive services in per diem funded programs.

Coordination of Outreach Services for Veterans At Risk of Homelessness

Both internal and external efforts are underway to address the needs of veterans at risk for homelessness that are being released from institutions after inpatient psychiatric care, substance abuse treatment, or imprisonment.

The Director, Homeless Veterans Programs is involved in regular meetings with staff from the Department of Justice and the Department of Labor to develop a coordinated plan to assist incarcerated veterans transition from jails or prisons. VA is reviewing a Memorandum of Understanding (MOU) that would allow VA staff to provide technical assistance to the Department of Justice on matters relating to release of veterans from penal institutions.

The Departments of Justice, Health and Human Services, and Labor have agreed to provide grants to public and private sector organizations to assist individuals released from prison to reintegrate into society. Since veterans are approximately 10-15% of the prison population, it is expected that these grant funds will assist many veterans who would be at risk for homelessness upon release from jails and prisons.

VA expects to assist incarcerated veterans primarily through the provision of transitional housing made available through the Homeless Providers Grant and Per Diem Program.

VA's staff of the Health Care for Homeless Veterans (HCHV) Programs is conducting outreach to veterans who recently spent time in inpatient treatment settings and in penal institutions. In FY 2001, HCHV staff contacted 44,845 veterans through outreach. Of those contacted, 18.3 percent (approximately 8,200 veterans) had spent time in a hospital or residential treatment facility in the 30 days immediately prior to the outreach contact. In addition, about 7.4 percent (approximately 3,300 veterans) contacted had spent time in prison or jail during the 30 days prior to outreach.

Several of the HCHV programs, including those at Greater Los Angeles Health Care System, New York Harbor Health Care System, VAMC Albany, N.Y. and VAMC Columbia, S.C. have initiated formal outreach initiatives to veterans in jail. In a very unique initiative, the Los Angeles County Sheriff, Mr. Lee Baca, has established a 96-bed unit for veterans within the Los Angeles County Jail. VA staff work with veterans in this unit to assist with their transition to the community and to link them to VA health care services upon release.

To facilitate services to homeless veterans, each of VA's 206 Vet Centers has an identified staff person who functions as a homeless veterans coordinator. In Fiscal Year 2001, the Vet Centers saw approximately 130,000 veterans and approximately 10,000 of the total veterans seen (8%) were homeless. Over 21,000 visits were provided to homeless veterans by Vet Center staff. In addition, Vet Center staffs made over 31,000 referrals on behalf of homeless veterans to VA and non-VA mental health and primary care services, VA and non-VA employment services, family support services and

community programs that provide shelter and other basic services. A recent survey of Vet Centers conducted by the readjustment Counseling Services in VACO found that 153 Vet Centers conducted outreach to homeless veterans in homeless shelters and 109 Vet Centers conducted outreach to incarcerated veterans.

VA Central Office staff from the Mental Health Strategic Health Care Group, Readjustment Counseling Service, and the Veterans Benefits Administration is planning to meet to assure more coordinated efforts to homeless veterans and veterans at risk for homelessness.

Domiciliary Care Programs

VA's Domiciliary Care for Homeless Veterans (DCHV) Programs is an important component in VA's continuum of care for homeless veterans. Over the past 15 years, VA has established 35 DCHV programs with a total of 1873 beds. These programs are designed to provide biopsychosocial rehabilitation to homeless veterans who have medical problems, psychiatric disorders or both. In FY 2001, 5,498 homeless veterans were treated in DCHV programs. Of those who were treated, 80% were either housed at discharge or placed in another residential care program and 53% were either competitively employed or engaged in a Compensated Work Therapy (CWT) Program at discharge.

I am pleased that VHA, even with very good national outcomes associated with the DCHV programs, is taking steps to identify and correct programmatic concerns. For example, VHA has established a Board of Advisors made up of service chiefs and former chiefs of domiciliary care programs to serve as consultants and advisors to VACO, VISN Directors and new chiefs of domiciliary care programs. The Director of Domiciliary Care Programs in VACO is revising the program manual to update quality of care standards for the program. Domiciliary Chiefs just attended a two-day training program that focused on new approaches to rehabilitation and emphasized the use of best practice models in the delivery of care.

HUD – VASH Program

In 1992, VA joined with the Department of Housing and Urban Development to launch the HUD-VASH program. HUD-VASH was initiated to further the objectives of serving the homeless mentally ill veteran through two closely linked interventions: (1) a housing subsidy provided through HUD's Section 8 voucher program, and (2) a community-oriented clinical case management effort. The goal of the program is to offer the homeless veteran an opportunity to rejoin the mainstream of community life, to the fullest extent possible. HUD funded three rounds of almost 600 vouchers each (a total of 1,753) for this program. At the same time VA medical centers formed clinical case management teams, usually social workers or nurses.

Through the end of FY 2001, 4,016 veterans had been served by the program, with 1,405 currently active in the program, and they had participated for an average of 3.5 years. Of veterans enrolled in the program 90% successfully obtained vouchers and 87% moved into an apartment of their own. A rigorous experimental, 3-year follow up study found that HUD-VASH veterans had 25% more nights housed than veterans receiving standard VA care and had 36% fewer nights homeless. Three years after entering the program 80% of veterans remained housed in the program.

This VA – HUD partnership, started 10 years ago, highlights the success of linking ongoing clinical care to permanent housing to assist homeless chronically mentally ill veterans.

HUD and VA have agreed to continue and, to the extent that resources will permit, expand this valuable partnership as directed by section 12 of Public Law 107-95.

Veterans Benefits Administration (VBA) Staffing at Regional Offices

Homeless veterans outreach coordinators at all VA regional offices work in their communities to identify homeless veterans, advise them of VA benefits and services, and assist them with claims. The coordinators also network with other VA entities, local government, social service agencies and other service providers to the homeless in order to link homeless veterans to other benefits and services available to them. During fiscal year 2001, the coordinators visited 1,992 shelters, and made 3,739 referrals to agencies and 4,873 referrals to the VHA and the Department of Labor Homeless Veterans Reintegration programs. 20,233 homeless veterans sought VA regional office assistance during fiscal year 2001.

Effective October 1, 2002, each of the 20 regional offices with the largest veteran populations will have a designated full-time homeless veterans outreach coordinator, thus complying with section 2003(a) of title 38, United States Code (added by section 5 of Public Law 107-95).

Also effective October 1, 2002, all regional offices will maintain an active record of all compensation and pension claims received from homeless veterans. Each record will document the date received, type of claim, whether it is an initial or reopened claim, the final decision and, denial reason, and date of final decision. The data will assist the VBA determine the average processing times for pending and completed claims, by type of claim; ratio of granted to denied claims; reasons for denial; etc. The information will be useful in meeting the annual reporting requirements on VA's assistance to homeless veterans.

Loan Guaranty for Multifamily Housing for Homeless Veterans Program

As you know, this innovative program to provide long-term transitional housing with support services for formerly homeless veterans was authorized over 3 years ago by Public Law 105-368.

VA has made some progress to implement this program; however, the steps necessary to initiate this program have taken far longer than we expected.

As required by the law, VA hired contractors to assist with the development of the program. Birch & Davis, Inc., now Affiliated Computer Services, and its subcontractor, Century Housing Corporation assisted with the initial phase of program development. For the second phase of program development and implementation, we have obtained the services of KPMG Consulting, Inc.

Despite the best efforts of our consultants during the past three years, VA lacked the in-house financial expertise to implement this program rapidly. This has changed.

I have asked Claude Hutchinson, Director, Asset Enterprise Management Office, to take the lead for the Department in implementing the Loan Guaranty for Multifamily Transitional Housing for Homeless Veterans Program. Mr. Hutchinson's wealth of experience makes him ideally suited to oversee the complex financial aspects of this Loan Guaranty program. During his 30 years in the private sector he served as a corporate leader and founder of financial institutions. In 1983, he founded Civic Bancorp/Civic Bank of Commerce in Oakland California. The bank served independent businesses and grew to over \$415 million in assets under his leadership. In 1994, he founded Smith & Crowley, Inc., a specialized investment banking firm providing strategic planning, consulting, merger, and acquisition services to independent financial institutions.

KPMG has given us a draft Notice of Fund Availability (NOFA) and a revised draft of Stage I and Stage II Application Packages to be completed by developers. Once Mr. Hutchinson and other members of the program implementation team have reviewed these documents, we will be ready to move forward with this program. I support the initial implementation of this program. We believe we will be able to offer the first loan guaranties by the beginning of FY 2004, or perhaps sooner.

Summary

In summary, in the few short months since this law was enacted, VA has made significant progress in implementing or enhancing VA's programs and services for homeless veterans. In addition, VA is collaborating closely with other Federal agencies, state and local governments and community-based organizations to assure that homeless veterans have access to a full range of health care, benefits and support services. However, we still have much to do to end chronic homelessness among veterans in America. We are eager to work with you to meet the challenge.

This concludes my testimony.