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WITHDRAWAL SHEET

Ronald Reagan Library

Collection: Blackwell, Morton C.: Files

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File Folder: Veterans Administration: Veterans – General Information

(15)

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FOIA ID: F00-084/2, Fish

Date: 06/16/2005

GA 5/8/08

DOCUMENT NO. & TYPE	SUBJECT/TITLE	DATE	RESTRICTION
1. letter	Robert Nimmo to Kenneth Hahn (page 1, partial)	2/4/82	B6

RESTRICTIONS

B-1 National security classified information [(b)(1) of the FOIA].

B-2 Release could disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA].

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B-4 Release would disclose trade secrets or confidential commercial or financial information [(b)(4) of the FOIA].

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B-7a Release could reasonably be expected to interfere with enforcement proceedings [(b)(7)(A) of the FOIA].

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B-7d Release could reasonably be expected to disclose the identity of a confidential source [(b)(7)(D) of the FOIA].

B-7e Release would disclose techniques or procedures for law enforcement investigations or prosecutions or would disclose guidelines which could reasonably be expected to risk circumvention of the law [(b)(7)(E) of the FOIA].

B-7f Release could reasonably be expected to endanger the life or physical safety of any individual [(b)(7)(F) of the FOIA].

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B-9 Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA].

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Doctor -
Chuck
Hazel sent this
over to you



**Veterans
Administration**

Office of Information Services

American
Legion

VA appointee urges Legion to put country ahead of vets' needs

President Reagan's choice for deputy director of the Veterans Administration on Wednesday told leaders of the American Legion that the VA will meet the needs of veterans despite substantial funding cuts.

But he urged Legion members to place the welfare of the country before their own needs.

Charles T. Hagel, an Army veteran of the Vietnam War awaiting Senate confirmation of his appointment, spoke in the Hilton on the Circle at a meeting of the Legion's national executive committee.

The American Legion has been highly critical of the President's funding cuts for veterans programs.

"We're not ready to turn our backs on health care and other important veterans programs," Hagel said. "But I ask you individually and collectively to give us a chance to sort some things out."

"I caution you to look at this

City
& State

country, and its problems, totally, not just as veterans.

"If we are to change things, make this country stronger, we've all got to give a little more."

Hagel said he believes the administration's VA funding cuts will be good for veterans in the long run because they will force the agency to establish priorities.

Hagel, a 34-year-old native of North Platte, Neb., is a member of the American Legion and Veterans of Foreign Wars. He volunteered for two tours of infantry combat duty in Vietnam and was wounded twice.



Veterans Administration

REFERENCE SLIP

TO (Name or title-Mail routing symbol)	INITIALS-DATE
1. Morton Blackwell	
2. Special Assistant	
The White House	
3.	
4.	
5.	

REASON FOR REFERENCE

☐ AS REQUESTED☐ FOR YOUR FILES☐ NOTE AND RETURN☐ COMMENTS☐ INFORMATION☐ PER CONVERSATION☐ CONCURRENCE☐ NECESSARY ACTION☐ SIGNATURE

REMARKS

The attached is for your information.

FROM

FIELDING COCHRAN

Associate Deputy Administrator for

Congressional and Public Affairs (002)

DATE

2/4/82

TEL. EXT.

2817

VA FORM
MAY 1980 3230EXISTING STOCKS OF VA FORM 3230,
AUG 1976, WILL BE USED.



Veterans
Administration

file U.A.

February 4, 1982

Mr. Kenneth Hahn
Supervisor, Second District
County of Los Angeles
866 Hall of Administration
Los Angeles, CA 90012



Dear Mr. Hahn:

I am pleased to respond to your letters of January 12 and January 19, 1982, concerning the burial of indigent veterans in Los Angeles County. Your letter to the President dated January 4, 1982, on the same subject has also been referred to me for reply.

The Los Angeles Coroner's Office has reported that it is holding four hundred unclaimed bodies, thirty of which have been tentatively identified as veterans. Eighteen of those thirty bodies have thus far been verified as veterans, and identification of the remaining twelve is being sought through the FBI by the Coroner's Office.

I am giving you information on the eighteen cases:

- 1 - benefits paid
- 10 - eligibility established
- 2 - denied - military service not confirmed
- 2 - not eligible - bad discharge
- 1 - not eligible - peacetime service only
- 1 - not required - body claimed by relatives
- 1 - not eligible - death subsequent to 10-1-81 and not drawing benefits.

~~REDACTED~~

6(6)
~~REDACTED~~

~~REDACTED~~

Prior to October 1, 1981, all honorably discharged wartime veterans were eligible for a \$300.00 burial benefit and a \$150.00 plot allowance without regard to financial status. However, the Omnibus Reconciliation Act of 1981 contained a section which provides that the \$300.00 burial allowance is payable only for those veterans who at the time of death were entitled to compensation or pension, or would have been entitled to compensation but for receipt of military retired pay. Payment of the plot allowance is not affected by this law.

2.

Mr. Kenneth Hahn

I understand your concern about the County's responsibilities with respect to veterans for whom burial allowances may not now be paid. We have not found this to create problems in other jurisdictions. If, as in the case of the eighteen veterans, only one is ineligible because of the current law, the magnitude of the problem is a diminishing one.

We have no way of confirming the estimate made by County authorities that as many as one thousand Los Angeles County veterans would fail to receive proper burials because of the change in law. However, the County Coroner's Office has estimated that there were only one hundred and eighty indigent veteran cases during fiscal year 1981.

I appreciate this opportunity to give you a report covering your concerns with our burial allowance program.

Sincerely,

A handwritten signature in dark ink, appearing to read "Robert P. Nimmo", written in a cursive style.

ROBERT P. NIMMO
Administrator

THE WHITE HOUSE
WASHINGTON

10/24

Matron -

See Elizabeth's note

Diana



Veterans
Administration

Office of Information Services

Hagel Says Perspective Important

INDIANAPOLIS (ALNS) — "We plan to keep things in perspective when dealing with veterans and to take a balanced approach to the problems of all veterans," Charles T. Hagel, President Reagan's choice for deputy administrator of the Veterans Administration, told National Commander Jack Flynt's banquet for the National Executive Committee here. Hagel's nomination is awaiting Senate approval.

Speaking at the Oct. 13 dinner meeting, Hagel, a twice wounded combat veteran of the Vietnam War, said he was not coming into the VA with the idea of representing the Vietnam veteran. "There will be no choosing up sides and saying the needs of one generation of veterans is more pressing than that of any other. World War II impacted on its veterans, too, and little attention has been given to the psychological scars of veterans of other periods of conflict. One of our problems is that we have some who have tried to drive wedges between veterans," he added.

Hagel called for patience and



CHUCK HAGEL

understanding and for Legionaires to take a look at the total picture. "All of your services to your country could be for naught, if you don't take an overall look at the world as you consider the total budget problem. We in the West are on the verge of becoming unravelled, so I ask you to step out of the Legion (figuratively speaking) and look at yourselves as part of the community and give more somewhere else."

The speaker earlier had noted his awareness of the Legion's programs of service as he comes from a Legion family and has

been a member for 14 years himself.

"I think there would be little disagreement that if we are going to make a better life for everybody that we are all going to have to give a little more. You represent an incredibly resourceful group of people, and our country always has had leadership come to the fore when we have needed it," he continued.

"The uniqueness of America is its spirit of volunteerism and this has made us different from all other nations, so I would ask you to look not just at the veterans budget — but look down the road and see all that we have to do — then give us a chance to get things straight before we knock heads."

Hagel, a native Nebraskan, is a member of Hartman Post 84 at Columbus.

File
VA -

MEMORANDUM

THE WHITE HOUSE
WASHINGTON

June 9, 1981

TO: Elizabeth H. Dole

FROM: Morton C. Blackwell *MB*

RE: The Borrowing on Veterans Insurance Policies

You asked me to summarize Mylio Kraja's presentation on the veterans loans.

It seems that Dave Stockman has inserted in the Federal Register the intention to raise the interest charged on borrowing by veterans against the value of their insurance policy. Currently, veterans are charged five percent by the VA on such borrowing. Stockman inserted in the Federal Register his intention to raise the interest charge to eleven percent.

Kraja says the law authorizes the VA Administrator to set the interest charges and alerted us to some shots likely coming our direction from Sonny Montgomery on this subject. The Legion's comment is that they feel eleven percent is too high. They would prefer an eight percent rate.

THE WHITE HOUSE
WASHINGTON

✓bcc: Morton Blackwell

July 2, 1981

Dear Mr. Wheeler:

Thanks very much for your note.

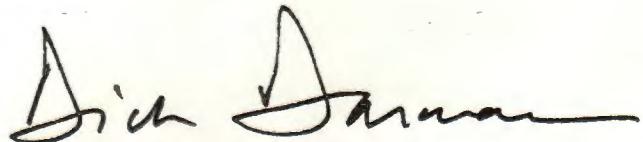
I saw Peter recently -- and gather from your note that you may have the same high regard for him as I do.

On the subject of the Veterans Administration, I'm afraid that I'm to be numbered among the ignorant and largely uninvolved. I really think it would be a much better use of your time if you could meet with Morton Blackwell in Elizabeth Dole's office here at the White House. He is much more intimately involved with veterans issues, and could, I'm sure, be a much more helpful discussant with you.

I have taken the liberty of suggesting to Morton that you would call him (tel. 456-2657).

If this does not prove satisfactory please let me know. *

With best regards,



Richard G. Darman
Deputy Assistant to the President

Mr. John P. Wheeler III
5840 Tanglewood Drive
Kenwood Park, Maryland 20034

* Since drafting this, I've also talked w. Tom Shull -- who spoke of you and your interests. I'm hopeful Tom will join us soon -- and perhaps he, too, can help. D.D.

file



**Veterans
Administration**

APR 22 1981

MEMORANDUM FOR:

Mrs. Shannon Fairbanks
Senior Policy Adviser
Office of Policy Development
The White House



I am pleased to forward a proposed draft reply to the joint statement of the National Commanders of the American Legion, Veterans of Foreign Wars of the U.S., and Disabled American Veterans for the signature of Mr. Edwin Meese, III.

NICK LONGWORTH
Special Assistant

Attachment

March 31, 1981

Honorable Edwin Meese, III
Counselor to the President
The White House
Washington, D.C. 20500

Dear Mr. Meese:

Following is a joint statement by the National Commanders of The American Legion, Veterans of Foreign Wars and Disabled American Veterans.

These are points the organizations would like you to consider in projecting funding for veterans programs. OMB actions contradict the following statements.

At the VFW National Convention in August 1980, Candidate Reagan said: "---to me it is unconscionable that veterans in need are denied hospital and medical care because of inadequate funding which has closed hospital beds and cut health-care personnel within the VA."

The 1980 Republican Party Platform states: "In particular we feel it is of vital importance to continue and expand the health-programs provided to veterans through the Veterans Administration hospitals. Here we see the need for increased access to care especially for older veterans."

In the face of these public statements of policy by the President and his Party, these are the things that have happened since he took office.

In a document presented to the staffs of the Committees on Veterans Affairs, the OMB Director wrote: "In addition, the existence of excess medical care capacity in many areas of the United States makes questionable the need for a separate VA medical system. This Administration will conduct a complete review of alternative methods for providing readily available, quality medical care for eligible veterans."

In an appearance before the Senate Budget Committee, the OMB Director said that the Reagan Administration is preparing --- proposals to effect a more efficient system of veterans health services.

The Administration proposes \$1.3 billion in reductions in VA programs for FY 1981 and 1982. The major areas of impact of these reductions will be the medical care program and the regional offices, both of which are the main points of contact between veterans and VA.

Mr. Edwin Meese, III

March 31, 1981

OMB defends the reductions as being less than 3.2% of the total VA budget. However that includes entitlement programs which comprise 64% of the VA Budget and are fixed costs. The reductions comprise about 10% of the adjustable funds - some 36% of the total VA Budget.

Medical care reductions will, by VA projections

Cause reduction of 933 nurses, 297 doctors and more than 4,000 medical support personnel

Cause closing 1,800 beds in 60 hospital wards, equivalent to four hospitals

Result in a decrease of 1,583,000 outpatient visits and 3,628 nursing care patients

Terminate the Readjustment Counseling Program for Vietnam veterans

Reduce VA doctors' incentive pay (provided by Congress to alleviate a severe recruitment and retention problem)

Decrease rehabilitative and medical research

Reduce vocational rehabilitation counseling for service-connected disabled veterans

Regionalization proposed for VA Regional Offices will eliminate direct service to veterans who are attempting to develop claims for benefits. Regional Offices will be reduced to information and counseling contacts.

In FY 1976 the VA Budget was 5% of the total Federal Budget. In FY 1981 the VA Budget was 3.2% of the total Federal Budget - proving that veterans programs are not expanding.

During the past ten years the size of the VA hospital system has been reduced by 20,000 beds, 15,000 of those in the last 4 years at a time when the veteran population has been increased by 9.6 million Vietnam Era veterans - and the 12.5 million WW II veteran population has reached an average age of 61 - becoming more subject to catastrophic illnesses.

Elimination of the Readjustment Counseling Program will terminate the single program established to deal with the special problems of non-readjusted Vietnam veterans.

The overwhelming majority of veterans in VA hospitals, and who use the clinics, are elderly and poor. They would be public charges in any case.

The military has indicated it is no longer able to handle any appreciable number of casualties in event of overseas hostilities. It will have to have help from VA. And VA facilities will inevitably deteriorate, both physically and in staff capabilities, under the Administration's planned reductions.

Mr. Edwin Meese, III

March 31, 1981

The veterans organizations are strongly in favor of the most efficient and cost-effective management of veterans programs, and will work positively with the Administration to that effect - if they are invited to do so. In point of fact comprehensive care in VA hospitals costs 10% less than comparable care in private sector hospitals.

The three major organizations, with their Auxiliaries, represent more than 7 million active citizens - and they speak as much as anyone can for the veteran constituency.

History shows that veterans will in fact fight to save their hospitals - and, if necessary, will take their case to the people - as they have done before.

The veterans organizations are convinced the planned funding reductions will severely hurt both medical care and delivery of service to veterans and dependents. The veterans organizations believe economies can be effected, but not in the way they are now projected by OMB.

The veterans organizations ask that the funding be replaced for medical care, for medical and prosthetic research, for rehabilitation counselling (including the Vietnam Veteran Outreach Centers), and for operation of the Regional Offices.

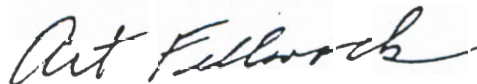
The veterans organizations are willing and desirous of meeting with VA and OMB officials to work out plans for economies in management and operation of veterans assistance programs.

If current OMB policies vis-a-vis veterans health care and regionalization of Regional Offices are pursued into future fiscal years, the VA will be unable to render effective and efficient service to the nation's 30 million veterans, their dependents and survivors.

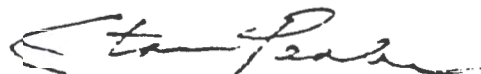
Sincerely yours,



MICHAEL J. KOGUTEK
National Commander
The American Legion



ARTHUR J. FELLWOCK
Commander-In-Chief
Veterans of Foreign Wars of the U.S.



STAN PEALER
National Commander
Disabled American Veterans

Mr. Michael J. Kogutek
National Commander
The American Legion
1608 K Street, N.W.
Washington, D.C. 20006

Dear Mr. Kogutek:

I have reviewed your joint statement regarding the funding of veterans programs. President Reagan's position is clear with respect to the need to fund veterans programs at an adequate level and to maintain the integrity of the Veterans Administration and its hospital system. I would hope to allay your concern over any seeming contradictions between his position and actions respecting his budget submission.

We consider it to be unfortunate that the President's budget had to be submitted to the Congress without the benefit of counsel and advice from a new Administrator of Veterans Affairs. It is a fact that we strove to accomplish this goal.

The President shares your deep concern that the Veterans Administration be funded at levels adequate to perform its mission. I well appreciate your dedication to management of veterans programs in the most efficient and cost effective manner. I am sure Congress is of the same mind with respect to the need for efficiency and cost effective management, and I am sure we will see this evidenced as Congress works its will with regard to the Veterans Administration budget generally and certain programs in particular.

The Administration is proceeding toward the naming of a new Administrator of Veterans Affairs, a matter that will receive the close attention of the

Mr. Michael J. Kogutek

President. Upon his confirmation, we propose to enlist your good offices in a concerted, positive effort on the part of all parties concerned to reach agreement on a budgetary posture calculated to provide eligible veterans with the quality care that only adequate funding will provide.

Sincerely,

EDWIN MEESE, III
Counselor to the President

An identical response to the following addressees:

Mr. Arthur J. Fellwock
Commander-In-Chief
Veterans of Foreign Wars of the U.S.
200 Maryland Avenue, N.E.
Washington, D.C. 20002

Mr. Stan Pealer
National Commander
Disabled American Veterans
807 Maine Avenue, S.W.
Washington, D.C. 20024



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

File
V. A. Policy

OFFICE OF FEDERAL
PROCUREMENT POLICY

HOLD FOR RELEASE UNTIL DELIVERY
Expected at 8:30 a.m., July 14, 1981

STATEMENT OF DONALD E. SOWLE
ADMINISTRATOR
OFFICE OF FEDERAL PROCUREMENT POLICY
OFFICE OF MANAGEMENT AND BUDGET
BEFORE THE
SUBCOMMITTEE ON OVERSIGHT AND INVESTIGATION
HOUSE COMMITTEE ON VETERAN'S AFFAIRS

MR. CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE:

THANK YOU FOR INVITING ME HERE TODAY. THE OFFICE OF MANAGEMENT AND BUDGET APPRECIATES THE OPPORTUNITY TO PRESENT ITS VIEWS ON THE VETERANS ADMINISTRATION'S IMPLEMENTATION OF OMB CIRCULAR NO. A-76. I WOULD LIKE TO CENTER MY DISCUSSION ON THE GENERAL FEATURES OF THE CIRCULAR AND THE SPECIFIC IMPLICATION OF THESE FEATURES ON THE VETERANS ADMINISTRATION.

I AM SURE YOU ARE AWARE THAT THE POLICY IN THE CIRCULAR IS NOT A NEW ONE. SINCE 1955 EACH ADMINISTRATION HAS EXPRESSED A GENERAL POLICY OF RELIANCE ON THE PRIVATE SECTOR FOR THE GOODS AND SERVICES NEEDED TO SUPPORT THE ACCOMPLISHMENT OF AGENCY MISSIONS. THE MOST RECENT EXPRESSION OF THIS POLICY WAS PUBLISHED IN 1979. THE POLICY WAS REEMPHASIZED BY THIS ADMINISTRATION IN APRIL OF THIS YEAR WHEN THE DEPARTMENTS AND AGENCIES WERE DIRECTED BY OMB TO TAKE VIGOROUS ACTION IN SUPPORT OF THIS LONGSTANDING POLICY.

THE SALIENT FEATURES OF THE CURRENT POLICY I BELIEVE ARE REFLECTED IN THE IMPLEMENTATION OF THE POLICY BY:

- RECOGNIZING THAT THE ADMINISTRATION AND THE AMERICAN PEOPLE EXPECT EFFICIENCY IN GOVERNMENT OPERATIONS, BUT SPECIFYING THAT ACTIVITIES WILL NOT BE CONVERTED FROM IN-HOUSE TO CONTRACT PERFORMANCE UNLESS THE COST SAVINGS WILL BE SUFFICIENT TO JUSTIFY THE CHANGE.
- PROVIDING A COST DIFFERENTIAL, EQUAL TO 10 PERCENT OF GOVERNMENT PERSONNEL-RELATED COSTS, FAVORING CONTINUATION OF PRESENT IN-HOUSE ACTIVITIES.
- ENSURING THAT ALL COST ANALYSES WILL BE COMPREHENSIVE AND EQUITABLE BY PRESCRIBING USE OF A COST COMPARISON HANDBOOK CONTAINING A DETAILED SET OF INSTRUCTIONS.
- REQUIRING AGENCIES TO PUBLISH AN ADVANCE SCHEDULE SHOWING WHEN ACTIVITIES WILL BE REVIEWED, SO THAT ALL THOSE AFFECTED WILL BE APPRISED.

ADDITIONAL EFFICIENCY IS ACHIEVED BY:

- REQUIRING THAT CONTRACTS FOR SERVICES BE REVIEWED, UPON EXPIRATION OF THE CONTRACT, TO DETERMINE IF IT IS STILL COST EFFECTIVE.
- REQUIRING AGENCIES TO MAKE ALL INFORMATION ABOUT THE PROGRAM SUCH AS INVENTORIES, REVIEW SCHEDULES, AND RESULTS

OF REVIEWS, AVAILABLE TO ALL INTERESTED PARTIES, INCLUDING EMPLOYEES AND THEIR BARGAINING REPRESENTATIVES.

- INSTRUCTING EACH AGENCY TO ESTABLISH A PROCEDURE FOR REVIEW OF ALL APPEALS SUBMITTED BY AFFECTED PARTIES. THE PROCEDURE MUST PROVIDE FOR AN EXPEDIENT RULING BY AN OFFICIAL OF EQUAL OR HIGHER LEVEL THAN THE OFFICIAL APPROVING THE ORIGINAL DECISION.
- ENCOURAGING AGENCIES TO REORGANIZE IN-HOUSE ACTIVITIES FOR MAXIMUM EFFICIENCY PRIOR TO MAKING A COST COMPARISON WITH THE PROPOSED CONTRACT PERFORMANCE.
- REQUIRING EACH CONTRACT AWARDED FOR WORK PREVIOUSLY PERFORMED IN-HOUSE TO INCLUDE A CLAUSE GIVING DISPLACED GOVERNMENT EMPLOYEES A RIGHT OF FIRST REFUSAL OF EMPLOYMENT WITH THE CONTRACTOR FOR POSITIONS IN WHICH THEY ARE QUALIFIED.

THE CIRCULAR FURTHER RECOGNIZES IN ITS IMPLEMENTATION THOSE FEDERAL LAWS AND POLICIES WHICH DIRECTLY IMPACT IT. SPECIFICALLY:

- ALL SERVICE CONTRACT EMPLOYEES MUST BE PAID AT LEAST THE WAGES AND FRINGE BENEFITS PREVAILING FOR SIMILAR WORK IN THE LOCALITY, AS DETERMINED BY THE DEPARTMENT OF LABOR.

- EMPLOYMENT PREFERENCE MUST BE GIVEN UNDER CONTRACTS TO DISADVANTAGED PERSONS AND VETERANS, COMPARABLE TO REQUIREMENTS FOR FEDERAL EMPLOYMENT.
- ALL DISPLACED FEDERAL EMPLOYEES ARE GIVEN PRIORITY PLACEMENT CONSIDERATION IN OTHER GOVERNMENT POSITIONS, WITH GRADE RETENTION FOR TWO YEARS AND CONTINUING PAY AT THE SAME RATE IF ASSIGNED TO A LOWER GRADE.

THOSE ARE THE MAIN FEATURES OF THE POLICY RELATING TO RELIANCE ON THE PRIVATE SECTOR.

IN APRIL OF THIS YEAR, MR. ED HARPER, THE DEPUTY DIRECTOR OF THE OFFICE OF MANAGEMENT AND BUDGET, WROTE TO THE VETERANS ADMINISTRATION. AMONG OTHER THINGS, HE POINTED OUT THAT:

ONE OF THE MAJOR GOALS WITHIN THIS ADMINISTRATION CENTERS ON MAXIMIZING THE EFFICIENT EXPENDITURE OF FUNDS. OMB CIRCULAR A-76, "POLICIES FOR ACQUIRING COMMERCIAL OR INDUSTRIAL PRODUCTS AND SERVICES NEEDED BY THE GOVERNMENT," PROVIDES YOU WITH ONE OF THE NECESSARY TOOLS TO ACHIEVE THIS GOAL. THIS ADMINISTRATION STRONGLY SUPPORTS THE GENERAL POLICY OF RELIANCE ON COMPETITIVE PRIVATE ENTERPRISE TO SUPPLY THE PRODUCTS AND SERVICES NEEDED BY THE GOVERNMENT. THROUGH PROPER AND EFFECTIVE IMPLEMENTATION OF THE

CIRCULAR YOU WILL BE ABLE TO ACHIEVE ECONOMIES AND EFFICIENCIES IN OPERATING COMMERCIAL-INDUSTRIAL TYPE ACTIVITIES BY:

- DETERMINING THE LEAST COST METHOD OF PROVIDING ESSENTIAL SERVICES (CONTRACT OR IN-HOUSE).
- STREAMLINING EXISTING GOVERNMENT ORGANIZATIONS ENSURING THEY ARE ORGANIZED AND STAFFED FOR THE MOST EFFICIENT PERFORMANCE.
- REDUCING LONG-RANGE FISCAL OBLIGATIONS THROUGH REDUCTIONS IN THE FEDERAL WORKFORCE WHEN COST COMPARISONS SHOW A CONTRACT OPERATION IS MORE COST EFFECTIVE.
- ENHANCING PRODUCTIVITY THROUGH THE DEVELOPMENT OF MEASURABLE JOB STANDARDS.

IN GENERAL, WE ARE VERY PLEASED WITH THE QUALITY OF THE PLANNING THAT HAS GONE INTO THE VETERANS ADMINISTRATION'S APPROACH TO THE PROGRAM'S IMPLEMENTATION. AS INDICATED IN MR. HARPER'S LETTER, WE BELIEVE THAT THE TIME HAS COME TO BRING THESE PLANS INTO FRUITION. BASED ON DATA PROVIDED BY THE VETERANS ADMINISTRATION, COMMERCIAL OR INDUSTRIAL ACTIVITIES COMPRISE OVER \$600 MILLION IN ANNUAL OPERATING COSTS AND INVOLVE NEARLY

35,000 PERSONNEL OR APPROXIMATELY 15 PERCENT OF THE AGENCY'S WORKFORCE. NEARLY 23,000 OF THESE PERSONNEL ARE INVOLVED IN THREE AREAS: FOOD PREPARATION, CUSTODIAL SERVICES, AND REAL PROPERTY MAINTENANCE. WITH THE PLANNING THAT HAS TAKEN PLACE TO DATE BY THE VA, I BELIEVE THAT A-76 COST COMPARISON STUDIES ON THESE AREAS CAN BE COMPLETED BY SEPTEMBER 1983.

I AM SURE ALL OF YOU ARE CONCERNED ABOUT THE PROGRAM'S IMPACT ON NOT ONLY THE VETERANS ADMINISTRATION BUT ALSO THE BENEFACTORS OF THE SERVICES PROVIDED BY THEM; NAMELY, THE VETERAN. TO ALLAY YOUR CONCERNS IN THIS AREA, I MUST DRAW UPON THE EXPERIENCE OF THE DEPARTMENT OF DEFENSE, MORE SPECIFICALLY THE AIR FORCE, WHICH HAS HAD A CONSIDERABLE AMOUNT OF EXPERIENCE IN CONTRACTING FOR SERVICES IN SUPPORT OF THEIR HOSPITALS. AS AN EXAMPLE, BASED ON THE AIR FORCE IMPLEMENTATION OF THE HOSPITAL ASEPTIC MANAGEMENT SERVICES PROGRAM FOR CUSTODIAL SERVICES, SUBSTANTIAL SAVINGS HAVE BEEN INCURRED AND, MORE IMPORTANTLY, PATIENT CARE HAS IMPROVED BECAUSE PROFESSIONAL PERSONNEL WERE FREED UP FOR DIRECT PATIENT CARE. FURTHER, THE AIR FORCE RECENTLY CONVERTED TWO HOSPITAL CUSTODIAL FUNCTIONS TO CONTRACT BASED ON A-76 COST COMPARISONS WHICH SHOWED CONTRACT OPERATIONS TO BE LESS EXPENSIVE BY A MARGIN OF 60 PERCENT IN A LARGE REGIONAL HOSPITAL AND 25 PERCENT IN A SMALL HOSPITAL. AS A RESULT OF THESE TWO COST STUDIES, THE AIR FORCE HAS CONVERTED ALL OF ITS HOSPITAL CUSTODIAL SERVICES IN THE CONTINENTAL UNITED STATES TO CONTRACT. THE COST SAVINGS

ANTICIPATED CONTINUE TO BE REALIZED. PROFESSIONAL AND PARA PROFESSIONAL PERSONNEL HAVE BEEN FREED FOR IMPROVED PATIENT CARE AND THE LEVEL OF CLEANLINESS BOTH IN APPEARANCE AND ASEPSIS REMAINS HIGH.

WE HAVE WORKED WITH THE VETERANS ADMINISTRATION OVER THE PAST EIGHTEEN MONTHS TO HELP THEM REALIZE RESULTS SIMILAR TO THAT EXPERIENCED BY THE AIR FORCE. WE FEEL CONFIDENT THAT IF THE A-76 COST STUDIES RESULT IN THE CONVERSION OF IN-HOUSE FUNCTIONS TO CONTRACT, THE VA WILL EXPERIENCE SUCCESSFUL OPERATIONS, NOT ONLY FOR CUSTODIAL WORK BUT FOR FOOD PREPARATION AND REAL PROPERTY MAINTENANCE AS WELL.

MR. CHAIRMAN, I HOPE THAT MY COMMENTS HAVE BEEN HELPFUL IN PORTRAYING THAT THE INTENDED APPLICATION OF OUR POLICY OF RELYING ON THE COMPETITIVE PRIVATE SECTOR IS IN THE BEST INTERESTS OF THE VA AND THE VETERANS WHO DESERVE OUR UPMOST CONCERN. I ALSO I BELIEVE THAT BY SERVING THE VETERANS WE ARE ALSO SERVING THE TAXPAYER THROUGH MORE EFFICIENT AND EFFECTIVE OPERATIONS OF VETERAN CARE FACILITIES AND SUPPORT OPERATIONS.

I WILL BE MOST PLEASED TO TRY AND ANSWER ANY QUESTION YOU MAY HAVE AT THIS TIME.

THANK YOU.



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

OFFICE OF FEDERAL
PROCUREMENT POLICY

HOLD FOR RELEASE UNTIL DELIVERY
Expected at 8:30 a.m., July 14, 1981

STATEMENT OF DONALD E. SOWLE
ADMINISTRATOR
OFFICE OF FEDERAL PROCUREMENT POLICY
OFFICE OF MANAGEMENT AND BUDGET
BEFORE THE
SUBCOMMITTEE ON OVERSIGHT AND INVESTIGATION
HOUSE COMMITTEE ON VETERAN'S AFFAIRS

MR. CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE:

THANK YOU FOR INVITING ME HERE TODAY. THE OFFICE OF MANAGEMENT AND BUDGET APPRECIATES THE OPPORTUNITY TO PRESENT ITS VIEWS ON THE VETERANS ADMINISTRATION'S IMPLEMENTATION OF OMB CIRCULAR NO. A-76. I WOULD LIKE TO CENTER MY DISCUSSION ON THE GENERAL FEATURES OF THE CIRCULAR AND THE SPECIFIC IMPLICATION OF THESE FEATURES ON THE VETERANS ADMINISTRATION.

I AM SURE YOU ARE AWARE THAT THE POLICY IN THE CIRCULAR IS NOT A NEW ONE. SINCE 1955 EACH ADMINISTRATION HAS EXPRESSED A GENERAL POLICY OF RELIANCE ON THE PRIVATE SECTOR FOR THE GOODS AND SERVICES NEEDED TO SUPPORT THE ACCOMPLISHMENT OF AGENCY MISSIONS. THE MOST RECENT EXPRESSION OF THIS POLICY WAS PUBLISHED IN 1979. THE POLICY WAS REEMPHASIZED BY THIS ADMINISTRATION IN APRIL OF THIS YEAR WHEN THE DEPARTMENTS AND AGENCIES WERE DIRECTED BY OMB TO TAKE VIGOROUS ACTION IN SUPPORT OF THIS LONGSTANDING POLICY.

THE SALIENT FEATURES OF THE CURRENT POLICY I BELIEVE ARE REFLECTED IN THE IMPLEMENTATION OF THE POLICY BY:

- RECOGNIZING THAT THE ADMINISTRATION AND THE AMERICAN PEOPLE EXPECT EFFICIENCY IN GOVERNMENT OPERATIONS, BUT SPECIFYING THAT ACTIVITIES WILL NOT BE CONVERTED FROM IN-HOUSE TO CONTRACT PERFORMANCE UNLESS THE COST SAVINGS WILL BE SUFFICIENT TO JUSTIFY THE CHANGE.
- PROVIDING A COST DIFFERENTIAL, EQUAL TO 10 PERCENT OF GOVERNMENT PERSONNEL-RELATED COSTS, FAVORING CONTINUATION OF PRESENT IN-HOUSE ACTIVITIES.
- ENSURING THAT ALL COST ANALYSES WILL BE COMPREHENSIVE AND EQUITABLE BY PRESCRIBING USE OF A COST COMPARISON HANDBOOK CONTAINING A DETAILED SET OF INSTRUCTIONS.
- REQUIRING AGENCIES TO PUBLISH AN ADVANCE SCHEDULE SHOWING WHEN ACTIVITIES WILL BE REVIEWED, SO THAT ALL THOSE AFFECTED WILL BE APPRISED.

ADDITIONAL EFFICIENCY IS ACHIEVED BY:

- REQUIRING THAT CONTRACTS FOR SERVICES BE REVIEWED, UPON EXPIRATION OF THE CONTRACT, TO DETERMINE IF IT IS STILL COST EFFECTIVE.
- REQUIRING AGENCIES TO MAKE ALL INFORMATION ABOUT THE PROGRAM SUCH AS INVENTORIES, REVIEW SCHEDULES, AND RESULTS

OF REVIEWS, AVAILABLE TO ALL INTERESTED PARTIES, INCLUDING EMPLOYEES AND THEIR BARGAINING REPRESENTATIVES.

- INSTRUCTING EACH AGENCY TO ESTABLISH A PROCEDURE FOR REVIEW OF ALL APPEALS SUBMITTED BY AFFECTED PARTIES. THE PROCEDURE MUST PROVIDE FOR AN EXPEDIENT RULING BY AN OFFICIAL OF EQUAL OR HIGHER LEVEL THAN THE OFFICIAL APPROVING THE ORIGINAL DECISION.
- ENCOURAGING AGENCIES TO REORGANIZE IN-HOUSE ACTIVITIES FOR MAXIMUM EFFICIENCY PRIOR TO MAKING A COST COMPARISON WITH THE PROPOSED CONTRACT PERFORMANCE.
- REQUIRING EACH CONTRACT AWARDED FOR WORK PREVIOUSLY PERFORMED IN-HOUSE TO INCLUDE A CLAUSE GIVING DISPLACED GOVERNMENT EMPLOYEES A RIGHT OF FIRST REFUSAL OF EMPLOYMENT WITH THE CONTRACTOR FOR POSITIONS IN WHICH THEY ARE QUALIFIED.

THE CIRCULAR FURTHER RECOGNIZES IN ITS IMPLEMENTATION THOSE FEDERAL LAWS AND POLICIES WHICH DIRECTLY IMPACT IT. SPECIFICALLY:

- ALL SERVICE CONTRACT EMPLOYEES MUST BE PAID AT LEAST THE WAGES AND FRINGE BENEFITS PREVAILING FOR SIMILAR WORK IN THE LOCALITY, AS DETERMINED BY THE DEPARTMENT OF LABOR.

- EMPLOYMENT PREFERENCE MUST BE GIVEN UNDER CONTRACTS TO DISADVANTAGED PERSONS AND VETERANS, COMPARABLE TO REQUIREMENTS FOR FEDERAL EMPLOYMENT.
- ALL DISPLACED FEDERAL EMPLOYEES ARE GIVEN PRIORITY PLACEMENT CONSIDERATION IN OTHER GOVERNMENT POSITIONS, WITH GRADE RETENTION FOR TWO YEARS AND CONTINUING PAY AT THE SAME RATE IF ASSIGNED TO A LOWER GRADE.

THOSE ARE THE MAIN FEATURES OF THE POLICY RELATING TO RELIANCE ON THE PRIVATE SECTOR.

IN APRIL OF THIS YEAR, MR. ED HARPER, THE DEPUTY DIRECTOR OF THE OFFICE OF MANAGEMENT AND BUDGET, WROTE TO THE VETERANS ADMINISTRATION. AMONG OTHER THINGS, HE POINTED OUT THAT:

ONE OF THE MAJOR GOALS WITHIN THIS ADMINISTRATION CENTERS ON MAXIMIZING THE EFFICIENT EXPENDITURE OF FUNDS. OMB CIRCULAR A-76, "POLICIES FOR ACQUIRING COMMERCIAL OR INDUSTRIAL PRODUCTS AND SERVICES NEEDED BY THE GOVERNMENT," PROVIDES YOU WITH ONE OF THE NECESSARY TOOLS TO ACHIEVE THIS GOAL. THIS ADMINISTRATION STRONGLY SUPPORTS THE GENERAL POLICY OF RELIANCE ON COMPETITIVE PRIVATE ENTERPRISE TO SUPPLY THE PRODUCTS AND SERVICES NEEDED BY THE GOVERNMENT. THROUGH PROPER AND EFFECTIVE IMPLEMENTATION OF THE

CIRCULAR YOU WILL BE ABLE TO ACHIEVE ECONOMIES AND EFFICIENCIES IN OPERATING COMMERCIAL-INDUSTRIAL TYPE ACTIVITIES BY:

- DETERMINING THE LEAST COST METHOD OF PROVIDING ESSENTIAL SERVICES (CONTRACT OR IN-HOUSE).
- STREAMLINING EXISTING GOVERNMENT ORGANIZATIONS ENSURING THEY ARE ORGANIZED AND STAFFED FOR THE MOST EFFICIENT PERFORMANCE.
- REDUCING LONG-RANGE FISCAL OBLIGATIONS THROUGH REDUCTIONS IN THE FEDERAL WORKFORCE WHEN COST COMPARISONS SHOW A CONTRACT OPERATION IS MORE COST EFFECTIVE.
- ENHANCING PRODUCTIVITY THROUGH THE DEVELOPMENT OF MEASURABLE JOB STANDARDS.

IN GENERAL, WE ARE VERY PLEASED WITH THE QUALITY OF THE PLANNING THAT HAS GONE INTO THE VETERANS ADMINISTRATION'S APPROACH TO THE PROGRAM'S IMPLEMENTATION. AS INDICATED IN MR. HARPER'S LETTER, WE BELIEVE THAT THE TIME HAS COME TO BRING THESE PLANS INTO FRUITION. BASED ON DATA PROVIDED BY THE VETERANS ADMINISTRATION, COMMERCIAL OR INDUSTRIAL ACTIVITIES COMPRISE OVER \$600 MILLION IN ANNUAL OPERATING COSTS AND INVOLVE NEARLY

35,000 PERSONNEL OR APPROXIMATELY 15 PERCENT OF THE AGENCY'S WORKFORCE. NEARLY 23,000 OF THESE PERSONNEL ARE INVOLVED IN THREE AREAS: FOOD PREPARATION, CUSTODIAL SERVICES, AND REAL PROPERTY MAINTENANCE. WITH THE PLANNING THAT HAS TAKEN PLACE TO DATE BY THE VA, I BELIEVE THAT A-76 COST COMPARISON STUDIES ON THESE AREAS CAN BE COMPLETED BY SEPTEMBER 1983.

I AM SURE ALL OF YOU ARE CONCERNED ABOUT THE PROGRAM'S IMPACT ON NOT ONLY THE VETERANS ADMINISTRATION BUT ALSO THE BENEFACTORS OF THE SERVICES PROVIDED BY THEM; NAMELY, THE VETERAN. TO ALLAY YOUR CONCERNS IN THIS AREA, I MUST DRAW UPON THE EXPERIENCE OF THE DEPARTMENT OF DEFENSE, MORE SPECIFICALLY THE AIR FORCE, WHICH HAS HAD A CONSIDERABLE AMOUNT OF EXPERIENCE IN CONTRACTING FOR SERVICES IN SUPPORT OF THEIR HOSPITALS. AS AN EXAMPLE, BASED ON THE AIR FORCE IMPLEMENTATION OF THE HOSPITAL ASEPTIC MANAGEMENT SERVICES PROGRAM FOR CUSTODIAL SERVICES, SUBSTANTIAL SAVINGS HAVE BEEN INCURRED AND, MORE IMPORTANTLY, PATIENT CARE HAS IMPROVED BECAUSE PROFESSIONAL PERSONNEL WERE FREED UP FOR DIRECT PATIENT CARE. FURTHER, THE AIR FORCE RECENTLY CONVERTED TWO HOSPITAL CUSTODIAL FUNCTIONS TO CONTRACT BASED ON A-76 COST COMPARISONS WHICH SHOWED CONTRACT OPERATIONS TO BE LESS EXPENSIVE BY A MARGIN OF 60 PERCENT IN A LARGE REGIONAL HOSPITAL AND 25 PERCENT IN A SMALL HOSPITAL. AS A RESULT OF THESE TWO COST STUDIES, THE AIR FORCE HAS CONVERTED ALL OF ITS HOSPITAL CUSTODIAL SERVICES IN THE CONTINENTAL UNITED STATES TO CONTRACT. THE COST SAVINGS

ANTICIPATED CONTINUE TO BE REALIZED. PROFESSIONAL AND PARA PROFESSIONAL PERSONNEL HAVE BEEN FREED FOR IMPROVED PATIENT CARE AND THE LEVEL OF CLEANLINESS BOTH IN APPEARANCE AND ASEPSIS REMAINS HIGH.

WE HAVE WORKED WITH THE VETERANS ADMINISTRATION OVER THE PAST EIGHTEEN MONTHS TO HELP THEM REALIZE RESULTS SIMILAR TO THAT EXPERIENCED BY THE AIR FORCE. WE FEEL CONFIDENT THAT IF THE A-76 COST STUDIES RESULT IN THE CONVERSION OF IN-HOUSE FUNCTIONS TO CONTRACT, THE VA WILL EXPERIENCE SUCCESSFUL OPERATIONS, NOT ONLY FOR CUSTODIAL WORK BUT FOR FOOD PREPARATION AND REAL PROPERTY MAINTENANCE AS WELL.

MR. CHAIRMAN, I HOPE THAT MY COMMENTS HAVE BEEN HELPFUL IN PORTRAYING THAT THE INTENDED APPLICATION OF OUR POLICY OF RELYING ON THE COMPETITIVE PRIVATE SECTOR IS IN THE BEST INTERESTS OF THE VA AND THE VETERANS WHO DESERVE OUR UPMOST CONCERN. I ALSO I BELIEVE THAT BY SERVING THE VETERANS WE ARE ALSO SERVING THE TAXPAYER THROUGH MORE EFFICIENT AND EFFECTIVE OPERATIONS OF VETERAN CARE FACILITIES AND SUPPORT OPERATIONS.

I WILL BE MOST PLEASED TO TRY AND ANSWER ANY QUESTION YOU MAY HAVE AT THIS TIME.

THANK YOU.

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News Release

FOR IMMEDIATE RELEASE

By ending or reducing four Veterans Administration programs that failed to achieve their original objectives, VA estimates that \$110 million will be saved toward carrying out the pledge of Congress and the President that important veterans benefits will not be curtailed.

Congressional legislation signed into law by the President in August ended most subsidized flight training, reduced payments for correspondence training, put severe restrictions on education loans to veterans receiving education payments and changed dental and burial benefits for some veterans.

The programs and savings involved are:

* Flight Training. Effective Oct. 1, 1981, VA payments for flight training will end for all those not participating in the program on August 31. Those who enroll in flight training in September 1981 will be paid only for flight training performed before October 1. In July, 5,840 veterans were receiving

-more-

benefits for flight training. Elimination of the program will save \$14.1 million in fiscal year 1982, VA said.

Rationale for ending the program was based on General Accounting Office and VA studies which showed that most trainees in GI Bill funded flight training programs used the skill only for avocational purposes. Only 16 percent of the graduates had full-time jobs related to the training, according to the GAO report.

* Correspondence Training. Based on a number of studies that show an extremely high dropout rate among trainees enrolled in correspondence training programs and a high incidence of fraud and abuse, the law now requires that veterans who train in correspondence programs share a larger part of the cost. The amount reimbursable by VA for such programs will be reduced on October 1 to 55 percent of the cost of training. VA now pays 70 percent of the cost. Estimated savings in FY 1982 will be \$3.2 million. Enrollment at the end of July in such programs totaled 25,615.

* Education Loans. Ending for most veterans on October 1 is a special program through which GI Bill students could receive, in addition to their GI Bill payments, low interest loans from VA. A savings of approximately \$6 million is expected from sharply curtailing this program in FY 1982 and avoiding the losses from the high default rate in the loan program.

* Dental Care. The period of time under which former servicemen could get free VA dental care for up to a year after leaving military service has been reduced to 90 days. This reduction will save an estimated \$17.7 million.

* Burial Benefits. A burial allowance of \$300, previously available to all war veterans, will be limited to veterans eligible for VA pension or compensation and to those who die in VA medical facilities. The estimated savings is \$75.2 million.

VA regulations governing the administration of these changes are now being written and will be forwarded to VA regional offices in each state as soon as possible.

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September 4, 1981



News Release

FOR IMMEDIATE RELEASE

The Veterans Administration today reminded former servicemen and women that awareness of VA burial benefits can often spare the family of a deceased veteran anxiety and financial hardship immediately following the veteran's death.

Interment in a national cemetery is available, for example, to veterans discharged under conditions other than dishonorable. The eligible veteran's spouse and minor children, and, under certain conditions, unmarried adult children, are eligible also. Some national cemeteries have no remaining space, however.

VA will furnish a headstone or marker to memorialize a veteran or mark the grave of a veteran buried in a national, state or private cemetery. VA will also provide markers to eligible dependents interred in a national or state veterans' cemetery.

Recent legislation broadened eligibility for memorial headstones or markers. Under the new authority, VA may provide these services to all veterans whose remains have not

been recovered or identified. This includes those who were buried at sea - whether by the veteran's own choice or otherwise, those whose bodies were donated to science, and those who were cremated and the ashes scattered without burying any portion of the ashes.

The law also requires a memorial section be set aside in a national cemetery if one does not already exist and where land is available.

VA also provides up to \$300 toward the burial expenses of eligible veterans and an additional \$150 as a plot or interment allowance if the veteran is not buried in a national cemetery or other government cemetery.

Effective Oct. 1, 1981, the burial allowance, previously available to all wartime veterans, was limited by public law to veterans eligible for VA pension or compensation and to those who die in VA medical facilities. The plot allowance, not affected by the new law, is available to all veterans who served during war periods.

If the veteran's death is service connected, VA will pay an amount not to exceed \$1,100 in lieu of the usual burial and plot allowance.

VA will also provide:

- * an American flag upon request for use in covering a casket;

- * a reimbursement for part of the cost of a headstone or marker bought and placed on the grave of a veteran. The current amount is \$63.00, the average cost of headstones purchased by VA; and,

- * Presidential memorial certificates expressing our

nation's grateful recognition of the deceased veteran's service which bear the signature of the President.

In addition to VA burial benefits, veterans and their dependents may be eligible for a lump sum monetary death benefit provided by the Social Security Administration. Local SSA offices have details.

For more information on VA burial benefits, contact any VA office or national cemetery. Toll-free numbers to VA regional offices are listed in the white pages under "U.S. Government" of telephone directories.

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November 27, 1981