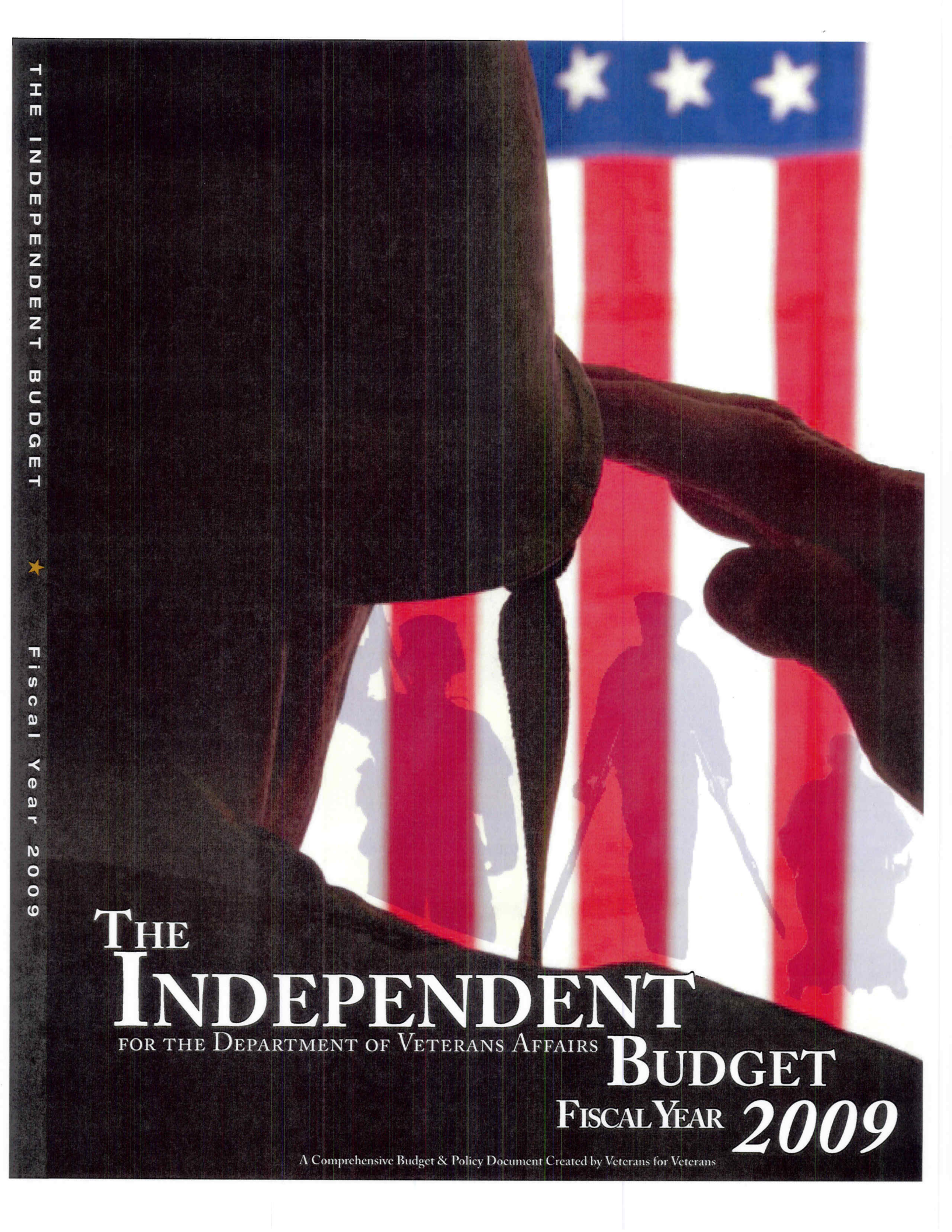


THE INDEPENDENT BUDGET



Fiscal Year 2009



THE
INDEPENDENT
FOR THE DEPARTMENT OF VETERANS AFFAIRS
BUDGET
FISCAL YEAR **2009**

A Comprehensive Budget & Policy Document Created by Veterans for Veterans

Prologue

As *The Independent Budget* is presented, American servicemen and -women continue to be placed in harm's way in Iraq, Afghanistan, and other hostile areas around the world. Since fighting began in Afghanistan in October 2001 and Iraq in March 2003, more than 3,500 service members have made the ultimate sacrifice and more than 28,000 have been wounded. These brave soldiers, sailors, airmen, and marines are only the latest in a long line of men and women who have unhesitatingly come forward in time of war to confront those who seek to unalterably change the world we know and the liberty we cherish.

It is for these men and women and the millions who came before them that we set out each year to assess the health of the one federal department whose sole task it is to care for them and their families.

The Independent Budget is based on a systematic methodology that takes into account changes in the size and age of the veteran population, cost-of-living adjustments, federal employee staffing, wages, medical care inflation, construction needs, the aging health-care infrastructure, trends in health-care utilization, benefit needs, efficient and effective means of benefits delivery, and estimates of the number of veterans and their spouses who will be laid to rest in our nation's cemeteries.

The President has stated that the war on terrorism is likely to be long, with dangers from unexpected directions and enemies who are creative and flexible in planning and executing attacks on our citizens and on our friends.

With this reality ever present in our minds, we must do everything we can to ensure that the Department of Veterans Affairs has *all* the tools it needs to meet the challenges of today and the problems of tomorrow. Our sons, daughters, brothers, sisters, husbands, and wives who serve in the darkest corners of the world, keeping the forces of anarchy, hatred, and intolerance at bay, need to know that they will come home to a people who not only cherish their service, but also honor them with the best medical care to make them whole, the best vocational rehabilitation to help them overcome the employment challenges created by injury, and the best claims processing system to deliver education, compensation, and survivors' benefits in a minimum amount of time to those most harmed by their service to our nation.

We are proud that *The Independent Budget* has gained the respect that it has over its 22-year history. The coauthors of this important document—AMVETS, Disabled American Veterans, Paralyzed Veterans of America, and the Veterans of Foreign Wars of the United States—work hard each year to ensure that *The Independent Budget* is the voice of responsible advocacy and that our recommendations are based on facts, rigorous analysis, and sound reasoning.

We hope that each reader approaches *The Independent Budget* with an open mind and a clear understanding that America's veterans should not be treated as the refuse of war, but rather as the proud warriors they are.

Supporters

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Administrators of Internal Medicine
African American Post Traumatic Stress Disorder Association
African American War Veterans, USA
Air Force Women Officers Association
Alliance for Academic Internal Medicine
American Coalition for Filipino Veterans
American Ex-Prisoners of War
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The Forty & Eight
United Spinal Association
United States Coast Guard CPOA/CGEA
United States Federation of Korea Veterans Organization
Veterans Affairs Physician Assistant Association
Vietnam Veterans of America
Washington State Office of the Governor

REFUND OF MONTGOMERY GI BILL CONTRIBUTIONS FOR INELIGIBLE VETERANS:

The government should refund the contributions of individuals who become ineligible for the Montgomery GI Bill because of general discharges or discharges “under honorable conditions.”

The Montgomery GI Bill–Active Duty program provides education assistance to veterans who first entered active duty (including full-time National Guard duty) after June 30, 1985. To be eligible, service members must have elected to participate in the program and made monthly contributions from their military pay. These contributions are not refundable.

Eligibility is also subject to an honorable discharge. Discharges characterized as “under honorable conditions” or “general” do not qualify. *The Independent Budget* veterans service organizations believe that when a discharge involves a minor infraction or defi-

ciency in the performance of duty, the individual should at least be entitled to a refund of his or her contributions to the program.

Recommendation:

Congress should change the law to permit refund of an individual’s Montgomery GI Bill contributions when his or her discharge was characterized as “general” or “under honorable conditions” because of minor infractions or inefficiency.

**GI BILL FOR THE 21ST CENTURY:**

Congress must invest in our troops, our veterans, and our nation.

Since the inception of the GI Bill, every generation of warriors has had this benefit to ease transition back into civilian life, which provided them an opportunity for education and served as an investment in the future of our nation. Today’s GI Bill is not meeting the needs of our veterans; skyrocketing education costs are forcing veterans to shoulder the bulk of college expenses. Our military, in the wake of the current conflict, is suffering from recruiting shortages. Moreover, young veterans are more likely to become unemployed and homeless. A new approach to veterans’ transition, stabilization, and education is needed.

The increasing cost of education is diminishing today’s GI Bill as a veterans’ education benefit. According to the Department of Education, the national average cost of undergraduate tuition, fees, room, and board charged to full-time students in degree-granting institutions for the 2005–06 academic year was \$17,447. A veteran in receipt of the active duty full-time GI Bill benefit for the same period received \$9,306, approximately 53 percent of the total cost of education. This benefit level makes it difficult for a single veteran to attend col-

lege and prohibitive for a married veteran to support his or her family and seek an education.

The Department of Health and Human Services set the 2005 poverty line as individuals earning at or below \$9,570, a two-person household at or below \$12,830, and a three-person household at or below \$16,090. A student veteran earning no additional income is living below the poverty line and struggling to afford an education. Veterans with families who must rely solely on the GI Bill to sustain them and their dependents while they attend college fall dramatically below the poverty line.

The GI Bill has evolved from its origins as a transition and stabilization benefit into a recruitment tool. With each successive year of conflicts in Iraq and Afghanistan, we face the increased challenge of meeting projected recruitment and retention numbers for the military. A robust education benefit would have a positive effect on military recruitment and help broaden the socioeconomic makeup of the military, improving the overall quality of individual recruits.

Veterans are increasingly at a disadvantage relative to their peers in the job market. Of the 200,000 men and women who annually leave service to enter the workforce, veterans are twice as likely as their civilian peers to remain unemployed. The estimate from the Department of Labor of unemployment among veterans between the ages 20 to 24 was 15.6 percent in 2005. Nonveterans of the same age group faced an unemployment rate of 8.7 percent. Increased education benefits improve a veteran's marketability, contribute to his or her long-term career growth, and promote a more positive readjustment experience.

Near the end of World War II, our nation's economy was recovering from the depression and showing promise of expansion. With the creation of the WWII GI Bill, millions of service members took seats in classrooms across the nation. The 7.8 million veterans who took advantage of the WWII GI Bill ushered in an era of prosperity, where for every tax dollar spent the gov-

ernment received approximately \$7 in return. The original GI Bill vastly expanded the middle class in America, improved the lives of veterans, and profoundly affected their families and all Americans.

Congress must pass and the President must sign into law a comprehensive GI Bill for the 21st century as an investment in our troops, our veterans, and our nation. It would serve to strengthen the Department of Defense's recruitment efforts, provide the nation with cadre of seasoned and patriotic leaders, and, most important, improve the lives of veterans and their families.

Recommendation:

Congress must pass a comprehensive GI Bill for the 21st century that provides for full tuition support, a small stipend, and other education-related costs.



Housing Grants

INCREASE IN AMOUNT OF GRANTS AND AUTOMATIC ANNUAL ADJUSTMENTS FOR INFLATION:

Housing grants and home adaptation grants for seriously disabled veterans need to be adjusted automatically each year to keep pace with the rise in the cost of living.

VA provides specially adapted housing grants of up to \$50,000 to veterans with service-connected disabilities that consist of certain combinations of loss or loss of use of extremities and blindness or other organic diseases or injuries. Veterans with service-connected blindness alone or with loss or loss of use of both upper extremities may receive a home adaptation grant of up to \$10,000.

Increases in housing and home adaptation grants have been infrequent, although real estate and construction costs rise continually. Unless the amounts of the grants are periodically adjusted, inflation erodes the value and

effectiveness of these benefits, which are payable to a select few but among the most seriously disabled service-connected veterans. Congress should increase the grants this year and amend the law to provide for automatic adjustment annually.

Recommendation:

Congress should increase the specially adapted housing grants and provide for future automatic annual adjustments indexed to the rise in the cost of living.