

PRESIDENT'S BUDGET ON VETERANS: MORE OF THE SAME MISPLACED PRIORITIES

Key Points:

- **The budget should honor our veterans by providing the benefits that they have earned.**
- **Instead, the President's budget will increase health care costs and deny health care for millions of veterans and military retirees.**
- **Even with more veterans returning from Iraq and Afghanistan, the President's budget does not adequately fund veterans' health.**
- **The Congress is committed to taking our country in a new direction -- working in a bipartisan way to ensure that the budget honors the service of our veterans and builds a future worthy of their sacrifice.**

Democrats believe that on every issue our nation faces, we must pursue policies that take our country in a new direction. The Bush Administration's FY 2008 budget fails on that score; it continues with more of the same wrong priorities of the past six years that have failed the American people. It is fiscally reckless, adding trillions to the deficit over the next 10 years, and morally irresponsible, slashing funding for key priorities, such as health care and education, critical to America's middle class. Democrats are fighting for a budget that reflects the values of America's middle class.

Increases health care costs for 1 million veterans. For the fifth year in a row, the budget raises health care costs on 1.3 million veterans, imposing \$4.9 billion in increased co-payments on prescription drugs and new enrollment fees on veterans over ten years. Last year, the Administration estimated that these policies would drive 200,000 veterans out of the VA health care system. It would double the co-payment for prescription drugs from \$8 to \$15, and impose an enrollment fee of up to \$750 a year for category 7 and 8 veterans. These veterans make as little as \$27,790. These proposals have been rejected in previous years.

Increases health care costs for military retirees/shortchanges military health care. The budget proposes unspecified cuts in military health care totaling \$2 billion in FY 2008 and \$14 billion over five years. Last year, the President's budget proposed to increase TRICARE health care premiums by up to \$1,000 per year for 3.1 million of the nation's military retirees under 65 and increase pharmacy co-pays – resulting in similar savings. If these proposals are rejected by Congress again this year, the budget could under fund military health care budget by more than \$2 billion -- reducing access and quality of care for service members and their families.

Investments in veterans' health care still fall short with veterans returning from Iraq and Afghanistan. The President's budget continues to shortchange veterans' health care, providing an increase in FY 2008, but with cuts in FY 2009 and 2010 (below the proposed FY 2008 level) and freezing funding for VA health care thereafter. This generally flat funding is inadequate in light of the badly wounded troops returning from Iraq that could overwhelm the VA health care system. The cost of providing VA medical care has been growing by more than 10 percent in many years. Over five years, the budget cuts veterans' health care by \$3.4 billion (below the level need to keep up with inflation), according to CBO.

Budget may again underestimate the needs of returning veterans from Iraq and Afghanistan. The VA projects that it will serve only an additional 54,000 OIF/OEF veterans during FY 2008, but that could be 50,000 patients short of actual demand. [Senate Veterans' Affairs Committee Staff, 2/05/07] Since the beginning of the war, the VA has underestimated the number of veterans returning from Iraq and Afghanistan in need of VA health care. "Two years ago, Congress had to pass an emergency \$1.5 billion infusion for veterans' health programs for 2005 and added \$2.7 billion to Bush's request for 2006." [Washington Post, 2/12/07]

Continues to deny VA health care for new (priority 8) veterans. On January 17, 2003, the Bush Administration stopped enrolling new Priority 8 veterans for VA medical care, and the President's budget continues this restrictive policy. This has prevented 1.6 million veterans, who make as little as \$27,790, from enrolling in VA health care.

The Administration's budget for mental health services is insufficient to meet growing needs of returning veterans from Iraq. Army studies have shown that up to 30 percent of troops deployed to Iraq suffer from depression, anxiety or post-traumatic stress disorder (PTSD) and some experts predict that the number eventually requiring mental health treatment could exceed 170,000. [Washington Post, 12/20/06, UPI, 1/27/06] And yet, the President's budget calls for only about 6 percent more for mental health services for veterans' than last year. It also fails to provide sufficient funds for staffing and training in the Veterans Benefits Administration to address a claims backlog that is quickly approaching one million. [Veterans of Foreign Wars press release, 2/5/07]

Cuts funding for medical and prosthetic research. The budget cuts medical and prosthetic research by \$2.7 million from the 2007 level and \$15 million below the level needed to maintain purchasing power at the 2007 level. This would set the research grant program back years, just as many of our troops in Iraq and Afghanistan are coming home with terrible injuries that require this expertise.

With Iraq veterans returning with devastating injuries, eliminates traumatic brain injury grants. The Bush budget eliminates an important health program for traumatic brain injuries when over 1,500 Iraq and Afghanistan veterans have suffered devastating brain injuries from IEDs (Improvised Explosive Devices). This program funds statewide systems to ensure access to a range of comprehensive and coordinated TBI services, including transitional services, rehabilitation, education and employment, and long-term community support.

Per veteran health care spending has failed to keep pace with rising medical costs. In 2007, the Department of Veterans Affairs (VA) expects to treat 5.8 million veterans – more than double the number in 1995. Instead of providing adequate funding, the Administration has requested an average increase over the last 6 years of only 3.4 percent, while the medical inflation rate has climbed nearly 5 percent per year. This lack of funding has resulted in health care rationing and an entire group of veterans denied access to the system.

The Bush budget fails to provide adequate resources to train those who work with veterans to secure employment, or to help veterans to become employed. The President's budget would decrease funding for grants for training programs and employment opportunities for veterans in high-skill occupations and flat-line grants to operate employment programs to reach out to homeless veterans and help them become employed.

