

HOUSE BUDGET COMMITTEE

Democratic Caucus

The Honorable John M. Spratt Jr. ■ Ranking Member

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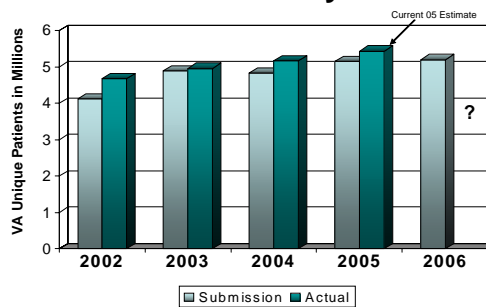
Democratic Budgets for 2005 and 2006 Properly Funded Veterans' Health Care

Dear Democratic Colleague:

Unlike the Republican budgets, the alternative budget I offered on the floor of the House this year and last year would have sufficiently funded veterans' health care for 2005 and 2006. Unfortunately, both were defeated with almost every Republican voting against them.

Last week, the Administration revealed to Congress that the Department of Veterans Affairs had a 2005 funding shortfall for veterans' health care totaling \$1 billion and an unspecified shortfall for 2006. Consequently, the President is forwarding an emergency supplemental funding request to finance the 2005 shortfall and an amended 2006 budget submission to increase funding for next year. The Administration has characterized these shortfalls as a surprise and attributed them to faulty workload modeling when developing the original budget requests. Unfortunately, to many of us, these shortfalls came as no surprise. Each year, the Administration has underestimated veterans' health care workload and cut funding below the levels needed to keep pace with inflation. Veterans groups have recognized the shortfalls in the President's budgets and proposed more funding to ensure veterans received the health care they need. If our proposals were accepted instead, VA would not be in need of emergency supplemental funding or in need of submitting an amended budget.

VA Underestimates Health Care Workload Every Year



Source: VA Budget

VA Underestimates Health Care Workload Each Year — Before the House Appropriations Committee on June 28th, VA Secretary Jim Nicholson testified that, so far this year, VHA workload has increased 3 percent above the levels that the VA projected using their actuarial model. Such an increase is not new and not a surprise. The VA has historically underestimated health care workload using their model. From 2002 through 2004, the VA has underestimated workload by 7 percent. Further, with more veterans returning from the wars in Iraq and Afghanistan, it is obvious that workload would increase even more than it has over the past few years.

The Administration Repeatedly Cut Funding for Veterans Programs Below Inflation — Despite rising workload, the President has submitted budgets for veterans appropriated programs that have not even kept pace with inflation.

| President's Request for Veterans Health Care (\$ in Billions) | | |
|--|-------------------------------|---------------------|
| President's Budget | Amount Below Inflation | |
| | First Year | Over 5 years |
| FY 2005 | -0.2 | -13.4 |
| FY 2006 | -0.8 | -18.0 |

The President's 2005 budget cut veterans appropriated funding \$248 million below the level the Congressional Budget Office estimated was needed to keep pace with inflation for 2005 and \$13.4 billion below inflation over five years. The President's 2006 budget called for even deeper cuts. Excluding the proposal to impose new fees, it cut funding for veterans appropriated programs \$759 million below the amount needed to keep pace with inflation and \$18 billion below inflation over five years.

Democratic Budget Alternatives Would Have Precluded Health Care Shortfalls —

Recognizing that VA budgets needed to keep pace with inflation and realistic workload assumptions, Democratic budget alternatives were offered on the floor last year and this year that would have covered the shortfalls the VA has identified. For 2005, our budget would have increased funding \$2.5 billion above the President's request (\$1.3 billion above the Republican Budget Resolution and \$1.5 billion above the enacted level for 2005) for veterans' health care. It also increased funding \$18.4 billion over five years, enough to keep pace with inflation. Similarly, our budget increased funding \$2.3 billion over the President's request for 2006 and \$20.9 billion over five years to augment funding for veterans' health care and to eliminate the proposal to impose new fees.

| Democratic Budget Above President's Request (\$ in Billions) | | |
|---|---|---------------------|
| Democratic Budget | Amount Above President's Request | |
| | First Year | Over 5 years |
| FY 2005 | 2.5 | 18.4 |
| FY 2006 | 2.3 | 20.9 |

Veterans' health care needs to be treated as the important priority that it is. Especially at a time when demand for these critical services is likely to be increasing, future budgets need to take into account inflation and a realistic assumption of workload.

Sincerely,
/s
John M. Spratt, Jr.
Ranking Member