

HOUSE BUDGET COMMITTEE

Democratic Caucus

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October 5, 2006

Republican Budgets Cut Funding for Critical Veterans' Programs

The Majority's budgets have cut funding for critical services for our veterans. The Republican budgets result in higher health care fees, pared-back health care services, and longer benefit wait times. Just last week, the Republican-controlled Congress adjourned without passing the 2007 appropriations bill that funds veterans' programs and instead passed a continuing resolution that will reduce veterans' health care funding by \$438 million over the next six weeks. It is unlikely that Congress would have passed these cuts if the continuing resolution was offered as a free-standing bill. But the Majority leadership included this provision in an unrelated, must-pass bill that funds our troops in Iraq and Afghanistan.

By contrast, the House Democrats have put veterans' programs at the top of the priority list and have proposed budgets that rejected fee increases and provided adequate funding for veterans' health care.

Inaction on the VA Spending Bill Results in a \$438 Million Cut to Veterans' Health Care

The Majority failed to pass the 2007 appropriations bill that funds the Department of Veterans Affairs (VA) before recessing until mid-November. To keep VA services going through the first six weeks of the new fiscal year, The Majority attached a last-minute provision to the defense appropriations bill – a must-pass bill – to continue VA funding at the 2006 level. But the 2006 level is significantly lower than the amounts reflected in both the House and Senate versions of the 2007 VA appropriations bill. Consequently, the Veterans Health Administration will receive \$438 million less over the first six weeks of the fiscal year than it would receive if Congress had passed the 2007 VA spending bill before it adjourned. The Majority may promise that the cut will ultimately be reversed once Congress finally passes the VA appropriations bill during its lame-duck session. It is impossible to know if such a promise will be kept. But even if it is kept, it does not negate the fact that the VA will have to cut back spending for the first six weeks of the fiscal year. This will impair the VA's ability over the near term to care for the current population of veterans and new veterans who are returning from Iraq and Afghanistan.

The Administration Repeatedly Cut Funding for Veterans' Health Care Below Current

Services — Despite rising demand for VA services, the President's budgets for veterans' health care and other appropriated programs have not even kept pace with inflation. The President's 2007 budget cut veterans' appropriations over five years by \$9.8 billion below the level the Congressional Budget Office (CBO) estimates is needed to keep pace with inflation. Past Presidential budgets have had similar cuts: the President's budgets for 2006 and 2005 cut five-year funding for veterans' programs by \$18.0 billion and \$13.4 billion, respectively.

Unfortunately, the President's cuts come at a time when many new veterans returning from the wars in Iraq and Afghanistan will be relying on VA services. Over one million military service members have served in support of these engagements and these new veterans are already using VA services. Through the first quarter of 2006, VA saw 144,424 veterans returning from the wars in Iraq and Afghanistan, 33,858 more than the Administration estimated for the entire year.

President Cuts Appropriations for Veterans' Programs Below Inflation
(Budget Authority)

Five-Year Cut Below CBO Inflation	President's Budget
\$-9.8 Billion	2007
\$-18.0 Billion	2006
\$-13.4 Billion	2005

President Proposes Fee Increases on Veterans for Four Straight Years — For four years in a row, the Administration has proposed financing veterans' health care on the backs of veterans themselves by imposing higher health care fees. In addition, this year the Administration proposed significant health care fee increases on all military retirees – in some cases tripling them over two years. Though they are called “fees,” these are really nothing more than *tax increases* on veterans and military retirees. In all, these new fees would cost veterans an estimated \$13.7 billion over five years. Democrats have strongly objected to these fee increases and Congress rejected them each time the President proposed them.

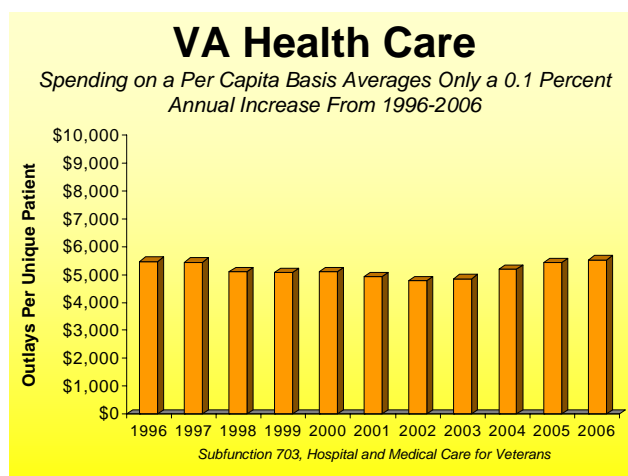
House Republicans Cut Veterans' Health Care \$8.6 Billion — While the House budget rejects the President's proposal to increase health care fees for Priority 7 and Priority 8 veterans and increases funding for 2007, it cuts veterans' funding for 2008 and beyond. Over 2008 through 2011, the House Republican budget cuts veterans' funding by \$8.6 billion below the level that CBO estimates is needed to maintain current services. By 2011, these cuts could translate to 600,000 fewer veterans receiving health care compared with the number getting care today. This year's budget continues a trend of shortchanging veterans. The 2006 budget cuts five-year funding for veterans' programs by \$13.5 billion.

Veterans' Funding Cut \$8.6 Billion over 2008 through 2011

(Discretionary Budget Authority in Billions of Dollars)

	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>Total</u> <u>2007-11</u>	<u>Total</u> <u>2008-11</u>
2007 House Republican Budget	36.9	35.2	34.9	34.2	34.4	175.6	138.7
CBO Current Services	34.3	35.2	36.3	37.3	38.4	181.6	147.3
<i>Budget Above or Below Current Services</i>	+2.6	-0.1	-1.4	-3.1	-4.0	-6.0	-8.6

Republicans Try to Justify Low Funding Levels by Citing Past VA Increases — The Majority has tried to justify their record of underfunding veterans' health care by asserting that the funding has increased. Such a claim misses the point because there has also been a significant increase in the number of veterans using the health care system. From 1996 to 2006, the number of patients increased by 2.4 million. On a per capita basis, veterans' health care funding increases average only 0.1 percent per year, a level well below inflation for medical care.



Democratic Budgets Have Repeatedly Provided More Funding for VA Programs —

Every year, House Democrats proposed a budget that would have increased funding to ensure veterans' services were maintained. The Spratt Alternative budget for 2007 provides \$12.4 billion more over five years for veterans' programs compared with the President's budget, and \$8.6 billion more over five years compared with the House Majority budget. The Spratt Alternative budget for 2006 provided \$20.9 billion more over five years than the President's budget and \$16.4 billion more than the Majority budget.