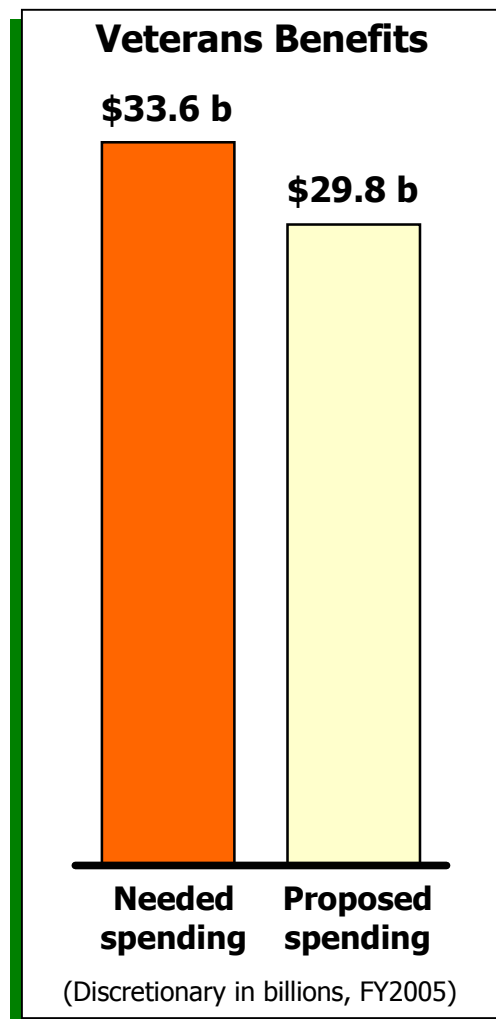




Veterans benefits under-funded in Indiana while war costs add up

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The Iraq War is creating more veterans, yet the veterans benefits system continues to be under-funded. The Bush Administration’s proposed spending on discretionary veterans benefits for fiscal year 2005 amounts to \$29.8 billion, \$3.8 billion below the amount needed, according to leading veterans’ organizations.¹ While the Congressional budget resolution passed by the House this month includes \$31 billion in discretionary spending for veterans benefits, a funding gap of \$2.6 billion would remain.



In contrast, war spending for Iraq thus far totals more than \$150 billion. The cost of the war to Indiana taxpayers to date is \$2.5 billion.²

Veterans’ medical care comprises the vast majority of discretionary veterans spending. **Indiana’s veterans health-care facilities would need \$52.7 million more than has been proposed to meet its veterans’ health-care needs.**³

Nationally, 170,000 reservists and National Guard troops are currently active, primarily due to the war in Iraq. If these soldiers are active for more than 180 days, they become eligible for veterans benefits. The war has already led to more than 4,000 soldiers wounded in action. Many of these soldiers will be permanently disabled.

Indiana at War ⁴	
Veterans, total	555,173
Veterans, disabled (service-connected)	41,944
Wounded in action during Iraq War as of May 8	68
Reservists and National Guard troops active	4,860

The National Priorities Project creates reliable estimates using data culled from various sources, primarily the federal government. Much of the raw data are available through NPP’s interactive database, www.nationalpriorities.org/database.



Consequences of funding gap for veterans

Enrollment refused for certain veterans: A VA study in 2002 showed 310,000 veterans waiting for medical appointments, half for more than six months.⁵ In order to reduce the backlog, the Bush Administration refused enrollment to one category of veterans as of January 2003. (Veterans are assigned to categories according to when they served, their disabilities and income.)

Waiting for compensation: Veterans filing a claim for disability compensation must wait on average six months⁶ and sometimes as long as two years before receiving any compensation. While the Iraq War will result in thousands more veterans seeking disability compensation,⁷ the Bush Administration's funding proposal for FY 2005 would reduce the number of staff responsible for processing these claims.

Congress attempted to limit eligibility: Debate over the FY2004 Defense Authorization Bill included an attempt by members of the House leadership to redefine eligibility for veterans' disability compensation. They wanted to replace the "line of duty" standard for eligibility with a strict "performance of duty" standard, putting the burden on the veteran to prove that his/her disability was caused by military duties. While this move was rebuffed, the bill established a commission to study eligibility.

Cost-of-living increases reduced: During the 1990s, the practice of rounding down cost-of-living increases on veterans' compensation was put into place to help balance the federal budget. That legislation is scheduled to expire. The Administration now proposes to make this practice permanent, though it erodes the value of service-connected disability compensation over time and results in lower living standards.

¹Recommended level according to the *Independent Budget* at <http://www.pva.org/independentbudget> which is published by a number of veterans' organizations including the American Veterans, Disabled American Veterans and Paralyzed Veterans of America and Veterans of Foreign Wars. Amounts refer to the discretionary portion of veterans benefits spending. Discretionary spending is debated and decided by Congress each year after receiving a proposal from the Administration. Mandatory funding, which includes veterans' pensions and disability compensation, is authorized by eligibility rules, which then determine the level of funding. ²The total Iraq War spending assumes Congress will pass the Administration's latest request for funds. For more on the cost of war, visit www.nationalpriorities.org. ³The state breakdowns are calculated based on each state's share of veterans medical care spending, according to the Department of Veterans Affairs (VA) and the \$3.9 billion funding gap. ⁴Data from the VA and Department of Defense. State figures for reservists and national guard troops do not include the Coast Guard or Marines. ⁵Independent Budget, p. 50. ⁶*Major Management Challenges and Program Risks: Department of Veterans Affairs*, January 2003, GAO-03-110. ⁷More than one-third of conflict Gulf War veterans, more than 200,000, have filed a claim with the Veterans Benefits Administration.