

Introduction

With America finally transitioning away from a long war in Iraq, and as we begin to plan our withdrawal from an even longer war in Afghanistan, the numbers of new veterans and disabled veterans entering the Department of Veterans Affairs (VA) health-care and benefits systems increases steadily. Tens of thousands of soldiers, sailors, airmen, marines, and coastguardsmen have experienced injury or illness associated with their service during the global war on terrorism; meanwhile, the responsibility that this country has to take care of those men and women continues to grow.

It is under this dramatic backdrop of current military events that the four coauthors of *The Independent Budget*—AMVETS, Disabled American Veterans, Paralyzed Veterans of America, and the Veterans of Foreign Wars—offer our budget and program recommendations based upon our unique expertise and experience concerning the resources that will be necessary to meet the needs of America’s veterans in fiscal year (FY) 2013. These recommendations are designed to meet the needs of the thousands of veterans currently serving in America’s armed services who will soon have earned and will require VA health-care and financial benefits as well as the needs of the millions of veterans from previous conflicts and service who currently depend on VA.

We are proud of the fact that the FY 2013 edition of *The Independent Budget* represents the 26th consecutive year that our partnership of veterans service organizations has joined together to produce a comprehensive budget document that highlights the needs of every generation of veterans. During that time, *The Independent Budget* has improved significantly while gaining much more respect and recognition.

It is no secret that a difficult fiscal future lies ahead for this country, and we recognize that VA is not immune to this reality and will likewise face significant challenges. Following months of rancorous debate about the national debt and federal deficit during the summer of 2011, Congress agreed upon a deficit reduction measure—Public Law 112-25—that could lead to cuts in discretionary and mandatory spending for VA. While we ultimately believe that VA is exempted by law from any projected cuts in funding as a result of deficit reduction, the final decision on the impact on VA remains uncertain. *The Independent Budget* coauthors have serious concerns about the potential reductions in VA spending. While changes to benefits programs and cuts to discretionary programs have unique differences, the impact of these possibilities will be equally devastating for veterans and their families.

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Additionally, as the Veterans Health Administration has adjusted to the implementation of advance appropriations, we must remain vigilant to ensure that VA is actually requesting and receiving the funding it requires to meet the health-care needs of millions of veterans. As has become the new norm, last year the enactment of advance appropriations shielded the VA health-care system from the political wrangling and legislative deadlock. Meanwhile, *The Independent Budget* veterans service organizations (IBVSOs) are concerned about steps VA has taken in recent years in order to generate resources to meet ever-growing demand on its health-care system. In fact, the FY 2012 and FY 2013 advance appropriation budget proposal released by the Administration last year included “management improvements,” a popular gimmick used by previous administrations to generate savings and offset the growing costs to deliver care. Unfortunately, these savings were often never realized, leaving VA short of necessary funding to address ever-growing demand on the health-care system. Yet we believe that continued pressure to reduce federal spending will only lead to greater reliance on gimmicks and false assumptions to generate funding.

Year after year, the IBVSOs conduct comparative analysis of VA workload information and carefully review medical and administrative cost data that form the foundation of *The Independent Budget’s* recommendations. The IBVSOs then call upon Congress and the Administration to provide sufficient funding to meet the health-care and financial benefit needs of veterans in a timely and predictable manner. This has proved to be a difficult, but welcome, challenge, particularly in light of recent economic conditions, as we seek to ensure that the needs of all veterans are properly met.

With regard to veterans’ benefits, the IBVSOs believe VA must fast-track real steps that will help ameliorate nagging claims-processing barriers. Continuing studies to find solutions must be replaced by real action plans that produce positive results. We are pleased to see that real progress is finally being achieved to bring the claims process into the 21st century. Through implementation of reforms such as the Veterans Benefits Management System, the Veterans Benefits Administration may finally be on a path to ensuring that veterans’ claims are decided in a timely fashion while also being decided correctly the first time. However, only time will tell if the myriad of reforms that the VBA is putting into place will have a significant and positive effect. Veterans and their families deserve prompt decisions regarding the benefits they have earned and deserve. These benefits are part of a covenant between our nation and the men and women who have defended it. Veterans have fulfilled their part of the covenant. Now VA must avoid further delay and move forward to meet its obligations in a timely manner.

The Independent Budget for Fiscal Year 2013 provides recommendations for consideration by our nation’s elected leadership that are based upon rigorous and rational methodology designed to support the Congressionally authorized programs that serve our nation’s veterans. The IBVSOs are proud that more than 60 veteran, military, medical service, and disability organizations have endorsed the FY 2013 edition of this document. Our primary purpose is to inform and encourage the United States government to provide the necessary resources to care for the men and women who have answered the call of our country and taken up arms to protect and defend our way of life.

Table 1. VA Accounts FY 2012 (Dollars in Thousands)				
	FY 2012 Appropriation	FY 2013 Administration**	FY 2013 IB***	FY 2014 Advance Approp.
Veterans Health Administration				
Medical Services	39,649,985	41,519,000	46,041,363	43,557,000
Medical Support and Compliance	5,535,000	5,746,000	5,596,496	6,033,000
Medical Facilities	5,426,000	5,441,000	5,572,742	4,872,000
Subtotal Medical Care, Discretionary	50,610,985	52,706,000	57,210,601	54,462,000
Medical Care Collections*	2,767,000	2,966,000		3,051,000
Total, Medical Care Budget Authority (including Collections)	53,377,985	55,672,000	57,210,601	57,513,000
Medical and Prosthetic Research	581,000	582,674	611,000	
Total, Veterans Health Administration	53,958,985	56,254,674	57,821,601	
General Operating Expenses				
Veterans Benefits Administration	2,018,764	2,164,074	2,110,140	
General Administration	416,737	416,737	430,104	
Total, General Operating Expenses	2,435,501	2,580,811	2,540,244	
Departmental Admin. and Misc. Programs				
Information Technology	3,111,376	3,327,444	3,194,592	
National Cemetery Administration	250,934	258,284	280,000	
Office of Inspector General	112,391	113,000	115,608	
Total, Dept. Admin. and Misc. Programs	3,474,701	3,698,728	3,590,200	
Construction Programs				
Construction, Major	589,604	532,470	2,693,700	
Construction, Minor	482,386	607,530	1,069,000	
Grants for State Extended Care Facilities	85,000	85,000	85,000	
Grants for Construct of State Vets cemeteries	46,000	46,000	51,000	
Total, Construction Programs	1,202,990	1,271,000	3,898,700	
Other Discretionary	156,176	159,000	159,612	
Total, Discretionary Budget Authority (including Medical Collections)	61,228,353	63,964,213	68,010,357	
*Medical care collections estimates reflect revisions made by the Administration to the original projections included in the FY 2012 Budget Request submitted in February 2011.				
**Amounts shown in FY 2013 Administration column reflect revised estimate for Medical Services. Recommendations for Medical Support and Compliance, and Medical Facilities accounts from the FY 2013 advance appropriation were unchanged in the newly released Budget Request.				
***The recommendations of The Independent Budget (IB) for FY 2013 reflect the expectation for a 0.5 percent pay raise for all VA employees just as the Administration indicated its intention to recommend a similar pay raise in January 2012.				

