

# The Impact of President Trump's Proposed Budget on America's Veterans

## **Senator Jon Tester**

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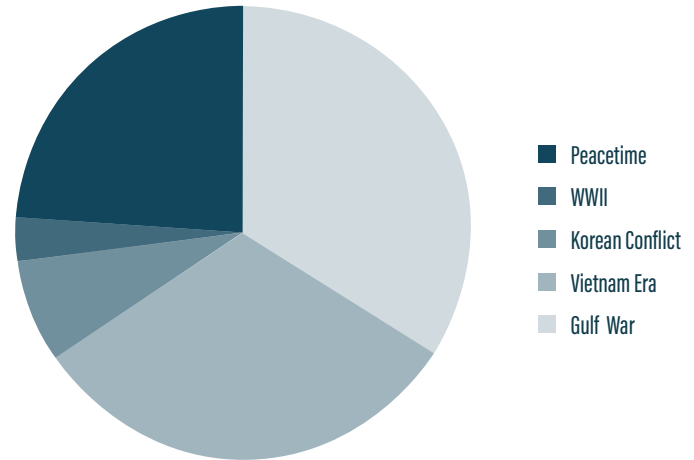
**June 2017**

# In the United States today, there are an estimated 21.4 million veterans.

**O**ur country owes these veterans, and their eligible survivors and dependents an enormous debt of gratitude. As Ranking Members of the House and Senate Veterans Affairs Committees and the Military Construction and Veterans Affairs Appropriations Subcommittees, we take that responsibility seriously. Our job is to make sure VA has the resources and legal authorities necessary to provide timely, high quality care and benefits for our country's veterans.

VA provides veterans with a wide range of benefits and services, including health care, disability compensation, home loans, education assistance, pensions, vocational rehabilitation, and burial benefits. VA programs support homeless veterans, as well as veterans coping with mental health issues. In many instances, VA also partners with, or receives funding from, other agencies to support these programs.

Unfortunately, the budget proposed by President Trump falls short in honoring our nation's commitment to veterans. While the topline budget requested by VA has increased compared to last year, it shifts funding away from critical programs relied upon by veterans, in favor of additional funding to pay for certain veterans getting private health care. Additionally, the President is proposing to cut other critical agency contributions to programs and initiatives that support our nation's veterans.



## In the President's proposed budget, our top concerns are:

- Starving VA facilities of resources in order to increase funds to purchase private care. This is despite data showing that capacity to provide care in the private sector does not exist in all areas of the country.
- Policy proposals that cut benefits for veterans, such as reinstating the Cost-of-Living Adjustment round-down and stopping payment of Individual Unemployability benefits to older veterans who are unable to work due to service-related disabilities.
- Cuts to benefits, research & technology programs that impact veterans.

## Cuts to veteran services through partner agencies include:

- Elimination of the Interagency Council on Homelessness, which works with cities and states to support the Mayors Challenge to end veteran homelessness.
- A \$53 million (88%) cut within the budget of Housing and Urban Development to support the HUD-VASH program, which gives veterans housing vouchers and VA case management.
- Cuts to entrepreneurship outreach through various veteran and women veteran-focused programs at the Small Business Administration.
- Elimination of the Legal Services Corporation, whose grantees worked with nearly 100,000 veterans and their families in 2016 to provide legal help for homeless veterans and create medical-legal partnerships.

# Funding Private Care Over VA Health Care

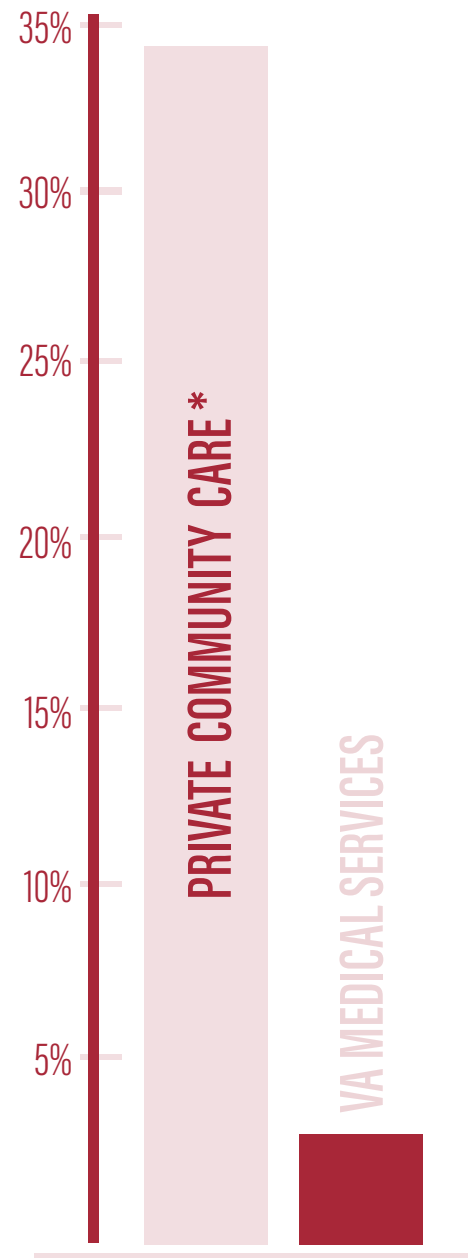
**VA's health care budget request includes just a 1.2% increase to accounts that fund care within VA facilities, while including a 33% increase to an account that funds the purchase of private care for some veterans. This 33% is in addition to a \$2.9 billion funding request for the Choice Program. This infusion of funding is being requested for a program that has serious challenges and is on the verge of being overhauled.**

VA data shows that of the more than 2.4 million authorizations for Choice Program care approved between November 2014 and November 2016, fewer than 290,000 authorizations were for veterans eligible due to their distance from a VA medical facility.

This benefit is being used at a high rate for veterans who live in areas where there is a private provider on every corner. However, the 33% of veterans who live in rural or highly rural areas where community providers are scarce greatly rely upon VA facilities. These hospitals and clinics must be appropriately resourced and staffed to provide high quality and timely care. Right now, the proposed increases to medical accounts may not even cover medical inflation. This could impact a hospital's ability to hire the right amount of clinicians, schedulers, and other administrative support staff.

**The increased funding for private care in the community is coming at the expense of VA's own hospitals and clinics.**

Further, with uncertainty around the future of private health insurance and declining state budgets, VA should anticipate in their projections an influx of enrollees who may lose access to their current private health insurance or can no longer rely on other health care programs. Any anticipation of this possibility is not included in this budget request.



## FUNDING INCREASE FROM FY17 TO FY18

*\*This does not include an additional \$2.87 billion request for purchasing private care through the Choice Program.*

**“We are also alarmed by the cannibalization of services needed for the Choice Program. It is a ‘stealth’ privatization attempt which The American Legion fully opposes. Choice should not be advanced to the detriment of cost-of-living increases for veterans.”**

**- The American Legion**

# Policy Proposals

VA included a number of policy proposals in its budget, including some that would offset the increased spending that would result from the Administration's effort to provide certain veterans with private health care. **These include:**

## Cost-of-Living Adjustment (COLA) Round-Down:

VA's proposal would round down to the nearest dollar the annual Cost-of-Living Adjustment for service-connected disability compensation, dependency and indemnity compensation, and certain education programs.

## Individual Unemployability (IU):

VA's proposal would save money on the backs of disabled veterans by immediately halting IU benefit payments to current and future beneficiaries once they are eligible for Social Security benefits. IU benefits are paid to veterans who are deemed unable to engage in any substantial work as a result of their service to our country. This drop in income would disproportionately affect the most severely disabled veterans, including those who are currently receiving and already counting on this benefit. For many, it may mean the difference between being able to pay for basic necessities and not being able to pay bills.

*"Cutting Individual Unemployability for senior citizen veterans is a direct, despicable attack on our nation's most vulnerable heroes. This outrageous, dead on arrival, budget proposal is serving to cause undue hardship and stress for a quarter-million of our most-at-risk veterans - men and women over the age of 65 who are unemployable because of injury in service to our nation."*

- AMVETS

## Cuts to Important Programs

### Disability Claims and Appeals

VA has long been plagued by challenges in processing disability compensation claims and appeals of those initial claims decisions. We are working with VA to modernize the process, and while much progress was made to reduce the claims decision backlog during President Obama's Administration, more needs to be done.

Compared to last year's budget, VA's 2018 budget request includes minimal increases to accounts that fund personnel to process claims and appeals. In fact, the President's budget requests funding to increase claims processors by only 27

people. This year, VA is projected to complete 1.4 million claims, but those pending for more than 125 days before receiving a decision will stand at about 70,000. For veterans who appeal their decisions, it can take an average of six years before a decision on that appeal is made.

These timelines should not be considered acceptable by the Administration. Without increased funding, VA will not be able to hire the additional staff needed to drive these timelines down, while we work with VA and with Veteran Service Organizations to streamline and update the appeals process.

## Medical & Prosthetics Research

VA has been the leader on medical research focused on the specific needs of the men and women who have fought for our country. VA's findings have not only transformed the lives of veterans, but have also had positive impacts on the lives of civilians across the country. Unfortunately, this year's budget request proposes steep cuts to spending on medical and prosthetic research.

Examples of research initiatives that will receive cuts in 2018 under the President's budget proposal are prosthetics, military occupations and links to environmental exposure, degenerative diseases, and acute and traumatic injuries.

Even research programs proposed for flat-funding, such as mental illness and substance abuse, will see a negative impact. Flat-funding these programs will not

*"We are very disappointed to see the major cut in funding for the Medical and Prosthetic Research program in the Administration's Budget Request. The VA Medical and Prosthetic Research program is widely acknowledged as a success on many levels, and contributes directly to improved care for veterans and an elevated standard of care for all Americans."*

### - Paralyzed Veterans of America

allow VA to keep up with biomedical inflation costs, effectively resulting in a cut to services.

Typically, VA also receives funding from other agencies, including the Centers for Disease Control, National Institutes of Health, and the Department of Defense in support of its research. While that will still happen this year, funding for non-Defense agencies also take a hit under President Trump's budget, and so their contributions to VA will decrease as well.

In addition to the health benefits realized

through VA research projects, the program is a major tool used to recruit clinicians to work at VA. A program evaluation referenced by VA in its budget request found that 79% of VA clinicians cited the research program as a factor in coming to VA, while over 90% cited it as a reason for staying.

Between VA's proposed research cuts, other federal agency research cuts, and the impacts of these limitations on VA's ability to recruit and retain high quality employees, it's clear that veterans will suffer.

## Education & Other Benefit Programs

**When VA does not request funding for its programs to keep up with inflation, it can't afford to pay for as many employees as it did the year before. So, flat-funding programs like education and support for fiduciary services effectively amounts to a budget cut.**

- VA's 2018 budget proposal includes an \$11 million cut to business lines providing education benefits to veterans. While this doesn't cut the amount of benefits VA is able to pay for veterans to get their education, it will likely decrease VA's ability to provide fully effective oversight of the program. VA will need to continue to prioritize school compliance surveys and reviews to ensure veterans are not being taken advantage of by some schools' predatory and deceptive practices.
- VA's fiduciary program is meant to protect beneficiaries who, as a result of injury, disease, or age, are unable to manage their own VA benefits. VA conducts field examinations prior to the appointment of a fiduciary, which should be completed within 76 days an incompetency rating is finalized. Last year, it took 287 days – nearly four times longer than it should have. Without funding to hire additional staff to complete these examinations and appoint new fiduciaries, this wait time for VA's most vulnerable beneficiaries will not decrease.

## Infrastructure

Despite articulating strong support for infrastructure investments, the Administration's budget proposal for maintaining VA facilities is woefully inadequate. While increases have been requested in accounts for non-recurring maintenance, there are cuts proposed to accounts that fund both major and minor construction at VA. With an estimated need of \$60 billion today, VA will find its bills growing larger as it ignores demonstrated facility shortfalls validated by Veterans Service Organizations.

Additionally, VA's request of \$90 million for State Extended Care Grants does not reflect the identified need of more than \$600 million in Priority Group One. Due to funding cuts in state budgets, VA faces a challenge of housing older veterans, particularly those with mental health conditions. VA must be honest about its need to provide its state partners with resources to allow veterans to live in a dignified way.

Starving VA facilities of the funding needed to undertake critical construction projects will further the Trump Administration's goal of forcing veterans to find care in the private sector. When VA facilities don't have the funding to hire providers or complete construction projects that improve their safety and quality, veterans will have no other option than to seek private care – if it even exists in their communities.

## Information Technology

The largest budget cut to any VA program proposed by the Administration is to the Department's Information Technology programs. In the last several years, VA has had multiple instances of IT systems failures and inadequacy, including the decades-old appointment scheduling systems, financial management systems, human resources systems, and more. To cut the IT budget by nearly \$215 million puts at risk any progress made on addressing these problems, protecting veteran data, and slowing development on veteran-facing systems to a crawl.

VA's recent announcement that it intends to purchase the same electronic health record (EHR) system that the Defense Department is using is not reflected in this budget request. In fact, VA staff said that funding for the EHR replacement was not included because the VA would need a lengthy period to draft requirements and get ready for the acquisition. Instead, they have submitted a request for funding that does a minimum to shore up the existing record system. The cost of acquiring a private software system will be

*“Now that the Secretary has made the critical decision about the future of veterans’ electronic health records, it is absolutely critical that sufficient funding be provided to modernize and maintain VA’s IT systems.”*

### —Disabled American Veterans

significant, and instead of accounting for that in its budget, VA has chosen to slash the IT budget deeper than any other account. This also raises the question of whether VA has the resources to handle such a significant EHR switch.

While VA has invested significant resources in IT over the years, much of this has been spent to merely sustain outdated software rather than purchase new systems, and on contracts to build new platforms that may not have a direct impact on veterans. VA must invest in systems that will help the Department keep up technology advances and protect veteran records.

*The President’s 2018 budget proposal for VA falls short of what veterans deserve. While recognizing that we are operating in a constrained fiscal environment, we are committed to working in a bipartisan way to ensure that VA has the staff and resources available to meet the commitment our nation has made to veterans.*