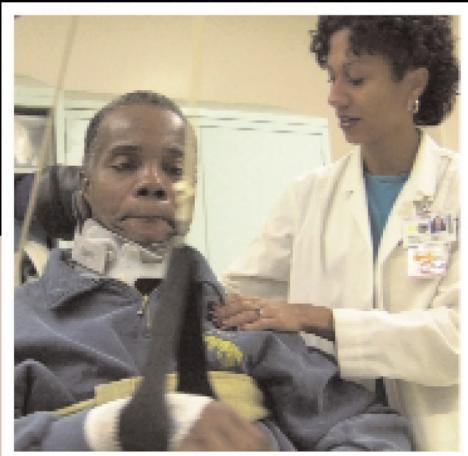




The Independent **BUDGET**

FISCAL YEAR 2005



A Comprehensive
Budget and Policy
Document Created by
Veterans for Veterans



Prologue

This is the 18th year *The Independent Budget* has been developed by four veterans service organizations (VSOs): AMVETS, Disabled American Veterans, Paralyzed Veterans of America, and Veterans of Foreign Wars of the United States. This document is the collaborative effort of a united veteran and health advocacy community that presents policy and budget recommendations on programs administered by the Department of Veterans Affairs (VA) and the Department of Labor.

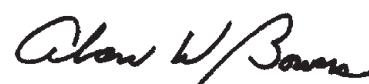
The Independent Budget is built on a systematic methodology that takes into account changes in the size and age structure of the veteran population, Federal employee wage increases, medical care inflation, cost-of-living adjustments, construction needs, trends in health-care utilization, benefit needs, efficient and effective means of benefits' delivery; and estimates of the number of veterans to be laid to rest in our national and state veterans' cemeteries.

As in years past, the budget and appropriations for veterans programs for fiscal year 2005 will line up as discretionary spending in tortured competition with all other domestic discretionary programs funded by the Federal Government. *The Independent Budget* VSOs have become increasingly alarmed that this annual battle for funding is failing to meet the true needs of the veteran population. Dollar amounts are never adequate in the push and pull of the Congressional process. Furthermore, judging from the experiences of the past 2 years alone, Congress has failed to even pass a VA appropriations bill until months into the fiscal year, leaving VA hospitals limping along on wholly inadequate continuing resolutions. The system does not suffer in this process; veterans do—veterans waiting months for a doctor's appointment or hours for a nurse to answer a call button.

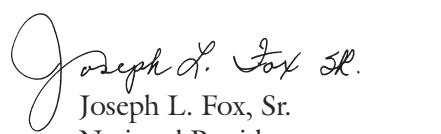
This year, as in the past, we call on Congress to find a better way to fund veterans health-care spending by removing the veterans' budget from the battle over annual discretionary spending. We call on Congress to establish a formula to provide VA health-care funding from the mandatory side of the Federal budget, assuring an adequate and timely flow of dollars to meet the needs of sick and disabled veterans.



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FY 2005 INDEPENDENT BUDGET ENDORSERS

Administrators of Internal Medicine
Alliance for Academic Internal Medicine
AdvaMed
Alliance for Aging Research
American Federation of Government Employees, AFL-CIO (AFGE)
American Military Retirees Association, Inc.
American Osteopathic Association
American Psychiatric Association
American Thoracic Society
Association for Assessment and Accreditation of Laboratory Animal Care International (AAALAC)
Association of American Medical Colleges
Association of Professors of Medicine
Association of Program Directors in Internal Medicine
Blinded Veterans Association (BVA)
Blue Star Mothers of America, Inc.
Catholic War Veterans, USA, Inc.
Clerkship Directors in Internal Medicine
CO State Veterans Nursing Home
Jewish War Veterans of the U.S.A.
Legion of Valor of the United States of America, Inc.
Military Officers Association of America
Military Order of the Purple Heart
National Alliance for the Mentally Ill
National Association of County Veterans Service Officers
National Association of State Veterans Homes
National Association of Veterans' Research and Education Foundations
National Mental Health Association
Nurses Organization of Veterans Affairs (NOVA)
Veterans Affairs Physician Assistant Association
Veterans of the Vietnam War, Inc.
Vietnam Era Veterans Association
Vietnam Veterans of America

Guiding Principles

- ▼ Veterans must not have to wait for benefits to which they are entitled.
- ▼ Veterans must be ensured access to high-quality medical care.
- ▼ Veterans must be guaranteed timely access to the full continuum of health-care services, including long-term care.
- ▼ Veterans must be assured burial in state or national cemeteries in every state.
- ▼ Specialized care must remain the focus of the Department of Veterans Affairs (VA).
- ▼ VA's mission to support the military medical system in time of war or national emergency is essential to the Nation's security.
- ▼ VA's mission to conduct medical and prosthetics research in areas of veterans' special needs is critical to the integrity of the veterans health-care system and to the advancement of American medicine.
- ▼ VA's mission to support health professional education is vital to the health of all Americans.

ACKNOWLEDGEMENTS

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Introduction

For the 18th year, *The Independent Budget* veterans service organizations (IBVSOS) and their endorsers face the task of predicting the needs of veterans in the coming fiscal year and determining the resources needed to meet those needs. The Department of Veterans Affairs (VA) and the veterans it serves are severely challenged by the skyrocketing cost of health care, surging demand for services from an aging veteran population, and eroding value of benefits. In addition, VA once again is faced with entering the second quarter of FY 2004 operating on a continuing budget resolution at the FY 2003 level.

Again this year *The Independent Budget* (IB) recommends Congress take action to enact legislation providing adequate mandatory funding for the VA health-care system. The annual budget crisis only adds to the continuing struggle veterans face in obtaining timely and quality health care. Demand on the system continues to rise; prescription drug, medical equipment, supplies, and staffing costs continue to soar, yet VA is expected to operate on last year's funding level.

The Independent Budget is a needs-based budget. This FY 2005 recommendation builds on our FY 2004 proposal, based on commonly accepted percentages for staffing and inflation adjustments for the coming fiscal year. The *IB* uses existing VA projections for health-care demand and acknowledges the importance of the VA Medical and Prosthetic Research Program with a suitable increase. This year's *IB* recommends a sizeable increase in funding for major and minor construction to help eliminate the backlog caused by a virtual moratorium on facility improvement funding and to provide a "down payment" on advance planning and construction for enhancements provided for in the Capital Asset Realignment for Enhanced Services (CARES) recommendations to be announced in the second quarter of FY 2004. With the loss of increasing numbers of our senior generation of veterans, we call for major expansion and improvements in the VA Cemetery Program.

On the benefits side, *The Independent Budget* continues to be concerned over the backlog in claims processing. VA has made determined efforts to streamline and improve the adjudication process; however, the backlog and the time it takes to process a claim remain entirely too long. The *IB* also reiterates its concern over the declining value of benefits, such as automobile adaptive equipment, specially adapted home grants, burial benefits, and insurance programs that continue to decline in value because of a lack of increases, in some cases, for years.

The Independent Budget covers the broadest possible spectrum of veterans' benefits and services with recommendations on each to make certain we keep the Nation's obligation to those who have served and sacrificed so much in its defense.

**Department of Veterans Affairs
(Discretionary Budget Authority)
(Dollars in Thousands)**

	FY 2004 Appropriation	FY 2005 Administration Request	FY 2005 IB Recommended Appropriation
Veterans Health Administration			
Medical Care ¹	\$26,630,030	\$26,939,774	\$29,791,488 ³
Medical and Prosthetic Research	405,593	384,770	460,000
National Program Administration/MAMOE ²	78,673	78,826	86,690
Subtotal, Veterans Health Administration	27,114,296	27,403,370	30,338,178
Departmental Administration			
Veterans Benefits Administration (VBA)	999,071	1,027,193	1,286,765
General Administration	276,630	297,560	330,750
General Operating Expenses Subtotal (GOE)	1,275,701	1,324,753	1,617,515
National Cemetery Administration	143,352	148,925	175,000
Office of the Inspector General	61,634	64,711	62,000
Subtotal, Departmental Administration and Miscellaneous Programs	1,480,687	1,538,389	1,854,515
Construction Programs			
Construction, Major Projects	271,081	458,800	571,000
Construction, Minor Projects	250,656	230,779	545,000
Medical Center Master Planning	—	—	100,000
CARES Facility Planning & Individual Project Development	—	—	—
Parking Revolving Fund	—	—	—
Grants for Construction of State Extended Care Facilities	101,498	105,163	150,000
Grants for Construction of State Veterans' Cemeteries	31,811	32,000	37,000
Subtotal, Construction Programs	655,046	826,742	1,403,000
Total, Discretionary Programs	\$29,250,029	\$29,768,501	\$33,595,693

¹Medical Care figures for FY 2004 and FY 2005 request include \$270 million reflected as collections in the Administration's budget request.

²MAMOE is currently known as National Program Administration (NPA). Amounts in FY 2004 and FY 2005 Administration's budget request reflect NPA request less \$8.3 million realigned from Medical Care reimbursements.

³Does not include third-party collections.