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VETERANS BENEFITS AND SERVICES

The Department of Veterans Affairs (VA) offers a wide range of benefits and services to eligible veterans, members of their families, and survivors of deceased veterans. VA programs include veterans compensation and pensions, readjustment benefits, medical care, and housing and loan guaranty programs. The VA also provides life insurance, burial benefits, and special counseling and outreach programs. In fiscal year 2002, Federal appropriations for veterans benefits and services were nearly \$53 billion (Table 15-VET-1).

TABLE 15-VET-1--BUDGET AUTHORITY FOR VETERANS BENEFITS AND SERVICES, DEPARTMENT OF VETERANS AFFAIRS, FISCAL YEARS 1980-2002
[In Millions of Dollars]

Fiscal Year	Service connected compensation and survivor payments; means tested options	Education, training, readjustment	Medical care	Housing loans ¹	Other benefits and services	Total veterans benefits and services
1980	\$11,770	\$2,374	\$6,409	NA	\$641	\$21,194
1981	13,210	2,351	6,919	NA	671	23,150
1982	14,510	1,964	7,802	NA	687	24,963
1983	14,216	1,667	8,816	-\$78	721	25,341
1984	14,884	1,582	9,078	201	751	26,496
1985	15,089	1,066	10,005	306	789	27,256
1986	15,363	605	9,964	200	757	26,888
1987	15,392	393	10,481	100	824	27,190
1988	15,848	395	10,836	1,484	817	29,380
1989	16,384	335	11,523	778	871	29,891
1990	16,660	251	12,168	548	897	30,524
1991	17,790	824	13,194	730	1,013	33,251
1992	17,412	600	14,256	815	1,020	34,103
1993	18,123	675	15,235	1,181	993	36,208
1994	18,597	1,031	16,187	188	1,006	37,009
1995	18,824	1,090	16,555	612	1,078	38,159
1996	19,703	1,013	16,812	612	1,023	38,763
1997	20,660	1,178	17,375	-291	1,014	39,936
1998	21,517	1,168	17,959	1,145	1,003	42,792
1999	22,934	989	18,032	1,087	1,115	44,157
2000	21,568	1,469	19,871	1,791	1,625	46,324
2001	23,356	1,981	21,362	498	1,801	48,998
2002	24,944	2,135	22,799	921	2,087	52,886

¹Housing loans are net income and expenditures from VA housing program revolving funds. Figures for the VA housing funds are unavailable in this format before fiscal year 1983.

NA-Not available.

Source: Office of the President (2003).

Service-connected compensation is paid to veterans who have disabilities from injuries and illnesses traceable to a period of active-duty military service. The amounts of monthly payments are determined by disability ratings that are

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based on presumed average reductions in earning capacities caused by the disabilities. Disability ratings generally range from 10 percent to 100 percent in 10-percent intervals; however, some disabilities are determined to be service-connected, but are given a zero-percent rating. Death compensation, or dependency and indemnity compensation, is paid to surviving dependents of veterans who died as a result of service-connected causes. In fiscal year 2002, about 2.4 million disabled veterans and 308,000 survivors received about \$22 billion in compensation payments.

Veterans pensions are means-tested cash benefits paid to war veterans who have become permanently and totally disabled from non-service-connected causes, and to survivors of such disabled and impoverished war veterans. Under the current or "improved law" program, benefits are based on family size, and the pensions provide a floor of income. For 2002, the basic benefit before subtracting other income sources is \$12,516 for a veteran with one dependent, \$9,556 for a veteran living alone. Somewhat less generous benefits are available to survivors; a surviving spouse with no children could receive two-thirds (\$6,497) of the basic benefit amount given a single veteran. About 581,000 persons received about \$3.1 billion in veterans pension payments in fiscal year 2002.

Several VA programs support readjustment, education, and job training for veterans and military personnel who meet certain eligibility criteria. The largest of these programs was the Montgomery GI bill (MGIB). The MGIB provides educational assistance to persons, who as members of the Armed Forces or the Selected Reserve, elect to participate in the program after June 30, 1985. The purposes of the MGIB are to assist service members leaving the Armed Forces in their readjustment into civilian life, to provide an incentive for the recruitment and retention of qualified personnel in the Armed Forces, and to develop a more educated and productive work force. To participate in the MGIB, active duty military personnel contribute \$100 per month, for the first 12 months of enlistment. Benefit levels are contingent upon length of service. To receive the maximum benefit of \$800 per month for 36 months, service members must generally serve continuously for 3 years. Those who enlist and serve for less than three years will receive \$650 a month.

The VA also provides vocational rehabilitation to disabled veterans. In fiscal year 2002, spending for VA readjustment programs was more than \$2 billion (Table 15-VET-1). In addition, the Department of Labor also provides employment counseling and job training for veterans.

The VA provides a comprehensive array of inpatient and outpatient medical services through 172 medical centers, 137 nursing homes, 43 domiciliaries, 684 outpatient clinics, and 206 readjustment counseling centers (Vet centers). Public Law 104-262 reformed eligibility rules for VA medical services. These reforms not only simplified the rules, but give the VA greater flexibility in how it provides medical care to veterans. Past eligibility rules were seen as emphasizing inpatient over outpatient care and, thus, impeded the efficient use of VA medical resources. Under the new eligibility rules, the VA

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provides free medical care, both inpatient and outpatient, to veterans for service-connected conditions and to low-income veterans for nonservice-connected conditions. For 2002, veterans with an income of \$29,168 or less and married or with one dependent (plus \$1,630 for each additional dependent) or \$24,304 or less if single would meet the low-income criterion for free medical care. As facilities and other resources permit, the VA provides care to veterans for nonservice-connected conditions with incomes that exceed these limits; however, copayments are required. Again, as facilities and other resources permit, the VA provides nursing home care to veterans, with priority going to those with service-connected disabilities. The VA also contracts with private facilities and/or medical providers when it is determined to be in the interests of the veteran and cost effective for the VA. VA-operated nursing home care is augmented by VA-supported care through contracts with private community nursing homes and with per diem payments for veterans in State-run homes for veterans.

TABLE 15-VET-2--NUMBER OF RECIPIENTS OF VETERANS BENEFITS AND SERVICES, FISCAL YEARS 1980-2002

[In Thousands]

Fiscal Year	Compensation and pensions	Readjustment, education, job training	Medical Care		Housing Loans
			Inpatient ¹	Outpatient ²	
1980	4,646	1,233	1,359	17,930	297
1981	4,535	1,081	1,360	17,809	188
1982	4,407	906	1,358	18,510	103
1983	4,286	755	1,401	18,616	245
1984	4,123	629	1,412	19,601	252
1985	4,005	492	1,435	20,188	179
1986	3,900	419	1,462	21,635	314
1987	3,850	365	1,466	21,635	479
1988	3,762	352	1,224	23,233	235
1989	3,686	349	1,153	22,629	190
1990	3,614	360	1,113	22,600	196
1991	3,546	322	1,072	23,007	181
1992	3,462	388	988	23,902	266
1993	3,397	438	974	24,236	383
1994	3,351	472	963	25,443	602
1995	3,332	476	930	27,565	263
1996	3,315	475	850	30,055	292
1997	3,290	480	700	32,648	239
1998	3,270	479	632	35,777	369
1999	3,254	458	752	37,799	396
2000	3,260	448	718	39,266	176
2001	3,220	471	729	43,808	253
2002	3,253	520	732	46,970	295

¹ Patients treated: the sum of discharges and deaths during the period plus patients remaining as bed occupants or absent bed occupants at the end of the report period.

² Visits for outpatient care.

Source: Department of Veterans Affairs.

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In fiscal year 2002, VA medical treatment programs cost \$23 billion (Table 15-VET-1). VA medical services were provided to about 4.8 million separate applicants, resulting in about 732,000 inpatient episodes and 47 million outpatient visits (Table 15-VET-2).