

Chairman Larry Craig

STATEMENT OF SEN. LARRY E. CRAIG

Chairman

U.S. Senate Committee on Veterans' Affairs

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Good morning ladies and gentleman. Welcome to the Committee on Veterans' Affairs.

Today we will examine the President's fiscal year 2007 budget request for the Department of Veterans Affairs (VA). It is -- by any objective standard -- an extraordinary budget proposal: an 11.3% increase in VA medical care; a 10.9% increase in total mandatory appropriation; and a 10.3% increase in total VA appropriation.

When I first learned of the President's request I was, on the one hand, pleased that President Bush again made care for veterans a top budget priority, and on the other hand, sobered.

I was convinced that the President's request would unite Republicans, Democrats, and the veterans' advocates. Surely a budget plan proposing an 11.3% increase in medical care during a time of war, high deficits, and restrained discretionary spending in every account unrelated to national security was one we could all support.

In the week since the budget numbers were released I have listened to or read various comments which instead suggest that the President's request ignores the reality of the full costs of war; that it breaks faith with veterans who have returned from the battlefield; and, most remarkably, that this budget is somehow a "cut" in care for veterans.

Ladies and gentlemen, it is time to suspend the rhetoric; and it is "reality check" time for all of us.

First, let me quickly respond to criticisms that this budget breaks faith with veterans returning from the present conflict. Every man, woman, and child in America would agree with VA's mission statement that those who have "borne the battle," particularly those who return from battle with physical or psychological wounds, should be first in line for the highest quality of care available. VA's budget tells us that just over 2% of its medical care patients are veterans from Operations Iraqi Freedom or Enduring Freedom. It is hard to imagine that within its \$35 billion medical care budget VA does not have the funds to care for returning combat-wounded veterans. Yet that is what some have insinuated. If there are problems with the care of returning combat veterans, those problems have more to do with a priority system that is straining our capabilities than with a lack of resources.

10 years ago, a Republican Congress and a Democratic President united with veterans' organizations to modernize the delivery of health care to veterans. So that limited dollars could be put to their most efficient use, a values-based priority system was established and the Secretary of Veterans Affairs was given discretion to suspend or limit enrollment to ensure that care to higher priority veterans would not deteriorate. The authority of the Secretary to limit enrollment was the "safety valve" that was put in place to ensure a balance between the resources Congress provides and the demand for care placed on VA's medical system.

Fast-forward to 2006. VA health care funding has nearly doubled in the intervening years. According to the President's request, double-digit growth in funding for 2007 is needed, even though VA expects it will treat approximately the same number of patients as it did a year earlier. The "safety valve" of limiting enrollment was used once in 2003. Since that time, we in Congress have shown an unwillingness to allow it to be used again, necessitating the annual,

double-digit increases that we see today.

And now I come to the "reality check" that all of us must come to grips with. On its present path, the VA budget will double nearly every 6 years. What will occur in the near future -- be it under the current discretionary funding process or under a mandatory funding formula -- is that VA spending will collide with spending demands made in other areas of government. Just as the future liabilities of Social Security, Medicare, and Medicaid, if left unchanged, will crowd out limited resources, so too will VA spending.

And so, I ask all of my colleagues and the veterans' organizations: What do we do in the face of this challenge? The President has again proposed a way for us to begin the conversation about reprioritizing VA spending by asking veterans with no service-related disabilities to pay a little more for their own care. To be exact, he is asking them to pay an enrollment fee that equates to \$21 per month, and a co-pay of \$15 for a 30-day supply of medicine. I find these proposals eminently reasonable. If the President's proposals are not acceptable, then let's discuss other options. Either way, we cannot pretend that taxpayer funding of programs that support our nation's veterans exist in a vacuum. VA's budget presents mathematical realities that Congress will be forced to address.

I look forward to a serious discussion about these and other important issues with my colleagues, the Secretary, and with the veterans' organizations. I hope that my candor in presenting the "lay of the land" as I see it will be reciprocated with thoughtful and engaging dialogue.

We are joined by two panels of witnesses today. I will save my introduction of them for a moment so that other Committee Members may make their opening remarks.

Senator Akaka?