

Air Force Magazine
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“Action in Congress” Extract
By Tom Philpott, Contributing Editor

VA Shortfall I

On Aug. 2, President Bush signed into law the Department of the Interior, Environment, and Related Agencies appropriations bill (HR 2361)—and thus, without ceremony, added \$1.5 billion in emergency funding to the Department of Veterans Affairs health care budget for Fiscal 2005.

Bush’s written statement, released on signing the bill, made no mention of the VA emergency funding contained therein. The act closes the books on one VA health care shortfall, which had become a political embarrassment to the Bush team because the VA had evidently underestimated the scale of the need.

VA Shortfall II

Bush Administration officials and the Republican-led Congress turned their attention to adding another \$1.9 billion to VA health care accounts, above what the White House had sought, for Fiscal 2006.

House and Senate Appropriations and Veterans’ Affairs Committee leaders, as they worked the issue, made public pledges that VA health care will be fully funded for 2006.

Democrats, meanwhile, continued to insist that the money for 2006 won’t be sufficient. Rep. Lane Evans (Ill.), ranking Democrat on the House Veterans’ Affairs Committee, said the shortfall acknowledged by VA officials “is close to \$3 billion for next year.”

Evans contended that the Administration came in low, despite having reason to believe the figure was \$3 billion.

Rep. Steve Buyer (R-Ind.), committee chairman, expressed little confidence in the Administration’s new number for 2006.

“The past three weeks have exposed basic flaws in VA’s budgetary process—flaws which caused a shortfall of almost \$3 billion. Congress has already acted once to ensure that the VA has the funding it needs to successfully carry out its important mission. We will act again.”

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VA Shortfall Addressed

Congress rushed in late June to pass a \$1.5 billion emergency supplemental bill to eliminate a 2005 funding shortfall for the Department of Veterans Affairs health care system. VA officials had been slow to reveal the problem.

Rep. Steve Buyer (R-Ind.), chairman of the House Veterans' Affairs Committee, grilled a senior VA official at a June 23 hearing on the department's cost-forecasting model and learned for the first time that VA health care programs were short this year by at least \$1 billion.

Jonathan B. Perlin, VA's undersecretary for health, admitted that the VA would come up short in 2005.

When asked earlier this year, VA officials had told lawmakers the 2005 budget was adequate.

At least one lawmaker, Democrat Patty Murray (Wash.), was skeptical. Murray, who serves on the VA, budget, and appropriations committees, tried to insert extra money for the VA into the war on terror emergency spending bill. The Administration said the funding was not necessary.

Republicans and Democrats alike expressed dismay over the VA revelation.

Murray called news of the shortfall "appalling but not surprising." At a press conference following the session, Buyer and Sen. Larry Craig (R-Idaho), his counterpart in the Senate, promised that Congress would close the funding gap.

By the time Congress learned of the funding shortfall, it already had approved a \$71 billion 2006 VA budget, which is \$450 million higher than the President requested and \$1.2 billion above the 2005 VA budget.

Behind the Shortfall

Committees in both the House and Senate on June 28 held emergency hearings to explore what happened and how VA proposed to handle the shortfall.

VA Secretary R. James Nicholson testified that the primary culprit was the agency's forecasting model, which works from data that is three years old. He said federal agencies that use "actuarial modeling to project resource requirements two-and-one-half to three years hence push the performance envelope." Most private companies work with models using one-year-old data.

Nicholson said a secondary problem was the VA estimate that the agency would see fewer than 24,000 veterans of the war on terror using VA health care in 2005. The new estimate is around 103,000, leaving the VA short by about \$273 million—or 28 percent of the total shortfall.

The VA's initial plan to cover the shortfall would have used \$375 million earmarked for 2006 and deferred \$600 million in capital improvements slated for 2005. That would have pushed the problem forward, shorting the 2006 budget, which now is suspect as well.