

# FUNCTION 700: VETERANS BENEFITS AND SERVICES

## SENATE BUDGET RESOLUTION FOR 2001

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Under current law, spending for Function 700, Veterans Benefits and Services, will total \$46.0 billion in BA and \$45.1 billion in outlays for 2000. This budget function includes income security needs of disabled veterans, indigent veterans, and survivors of deceased veterans through compensation benefits, pensions, and life insurance programs. Major education, training, and rehabilitation and readjustment programs include the Montgomery GI Bill, the Veterans Educational Assistance program, and the Vocational Rehabilitation and Counseling program. Veterans can also receive guarantees on home loans. Roughly half of all spending in this function is for the Veterans Health Administration, which is comprised of hospitals, nursing homes, domiciliaries, and outpatient clinics.

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### CHAIRMAN'S MARK

(\$ Billions)

	2000	2001	2002	2003	2004	2005
Budget Authority	46.0	47.6	48.8	50.8	52.1	55.5
Outlays	45.1	47.1	48.7	50.5	51.8	55.2

### Discretionary

The Chairman's mark assumes discretionary spending in this function would total \$21.9 billion in BA and \$21.8 billion in outlays for 2001. This represents an increase of \$1.0 billion or 4.9 percent in BA and \$1.4 billion or 6.9 percent in outlays from the 2000 level. In addition, the Chairman's mark is an increase between 2001 and 2005 of \$2.4 billion in BA and outlays or an average annual increase of 2.7 percent.

The increase in discretionary spending for 2001 is for VA medical care programs. Net spending for VA medical care in the Chairman's mark matches the net increase in the President's budget. The Chairman's mark assumes an increase of \$1.4 billion in VA's medical care appropriation. The additional funds would allow VA to improve access to and service delivery of medical care, would allow patient safety and oversight initiatives to be expanded, and would allow full funding for provisions in the Veterans Millennium Health Care and Benefits Act. The funds would also provide more money

to treat the high prevalence of Hepatitis C among enrollees.

In addition, the Chairman's mark assumes that \$350 million (or one half of the first \$700 million) in VA medical care collections in 2001 will be returned to the Treasury. This assumption is identical to a legislative proposal contained in the President's budget. The Chairman's mark also assumes the extension of VA's authority to recover costs through medical care collections when that authority expires at the end of 2002.

### **Mandatory PAYGO**

Both the Chairman's mark and the President's budget assume that provisions of the 1997 Balanced Budget Act expiring after 2002 will be extended. These provisions include:

- C Extending the VA's authority to round-down monthly compensation benefits to the nearest dollar after applying the annual COLA in each year. The practice of rounding down monthly benefit checks is consistent with all other major pension programs including military and civilian retirement benefits.
- C Extending the VA's authority to match income information submitted by pension beneficiaries with the Internal Revenue Service and the Social Security Administration.
- C Extending the VA's authority to guarantee VA securities issued in the secondary market directly, thereby enhancing their value.
- C Extending certain fees paid by veterans who obtain a government-guaranteed housing loan.

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### COMPARISON OF CHAIRMAN'S MARK WITH PRESIDENT'S BUDGET AND SBC BASELINE (\$ Billions)

	2000	2001	2002	2003	2004	2005
<u>Chairman's Mark</u>						
Budget Authority	46.0	47.6	48.8	50.8	52.1	55.5
Outlays	45.1	47.1	48.7	50.5	51.8	55.2
<u>President's Budget</u>						
Budget Authority	47.8	45.9	48.4	49.9	51.2	54.5
Outlays	47.0	45.5	48.4	49.7	50.9	54.2
<u>SBC Baseline</u>						
Budget Authority	46.0	46.5	47.2	49.0	49.7	52.6
Outlays	45.1	46.2	47.2	48.9	49.6	52.4
<u>Mark compared to:</u>						
<u>President's Budget</u>						
Budget Authority	-1.8	1.7	0.4	1.0	1.0	1.0
Outlays	-1.8	1.6	0.3	0.8	0.9	1.0
<u>SBC Baseline</u>						
Budget Authority	--	1.1	1.6	1.9	2.4	2.9
Outlays	--	0.9	1.5	1.6	2.3	2.8

