

INFORMED BUDGETEER

VETERANS LEGISLATION

- Since today is the national holiday for Veterans, it is an appropriate time to review veterans related legislation that is on the Senate calendar for consideration during the time left in this session.



- Last week the Congress cleared for the President's signature H.R. 2620, the Departments of Veterans Affairs (VA) and Housing & Urban Development Appropriations Act for 2002. The agreement includes total funding for the Department of Veterans Affairs of \$51.8 billion, an 8.2 % increase over 2001. Of this amount, \$27.3 billion is mandatory spending for compensation, pensions and other benefits, an increase of 7%. The balance of the funding is for discretionary veterans programs, mostly going to VA

Medical care, which increases 5.4 % over 2001.

- On the authorizing side, the Senate Veterans Affairs Committee has reported four measures now awaiting floor action. These measures were accommodated in the FY 2002 Budget Resolution adopted earlier this year, allocating \$5.6 billion in new mandatory veterans spending over the next decade.

- The Veterans' Benefits Improvement Act, S. 1088, touches on many programs at the VA. The bill would increase the rate and flexibility of the Montgomery GI Bill benefits, increase the home loan guaranty amount, and increase burial benefit allowances. S. 1088 also would expand the undiagnosed illness definition for Gulf War veterans and would restore the VA presumption that a Vietnam Veteran was exposed to agent orange while in that conflict. These enhancements to veterans benefits would increase direct spending by \$180 million in 2002 and \$5.6 billion over the 2002 - 2011 period.

- The VA Medical Programs Enhancement Act, S. 1188, would help the VA to retain nurses by changing how retirement benefits are calculated. In addition, S. 1188 would authorize the VA to provide service dogs to certain disabled veterans and would change the system by which the VA places veterans in enrollment priority groups based on income levels. These benefit changes will increase direct spending by \$1 million in the first fiscal year and \$26 million over the ten years.

- The Veterans Compensation Cost-of-Living Adjustment Act, S. 1090, would increase veterans disability compensation benefits on December 1, 2001 by 2.7%. This adjustment is assumed in the budget baseline, but by law legislation must be passed each year for the COLA to take effect. The actual cost of this provision is \$407 million in 2002.

- The Heather French Henry Homeless Assistance Act (S. 739), named after Miss America 2000 who brought this issue to national attention during her reign, would authorize assistance to homeless veterans through health care benefits at non-VA facilities and establish new service centers. If this bill were to be fully funded through the appropriations process, the new programs would cost \$67 million in the first year.

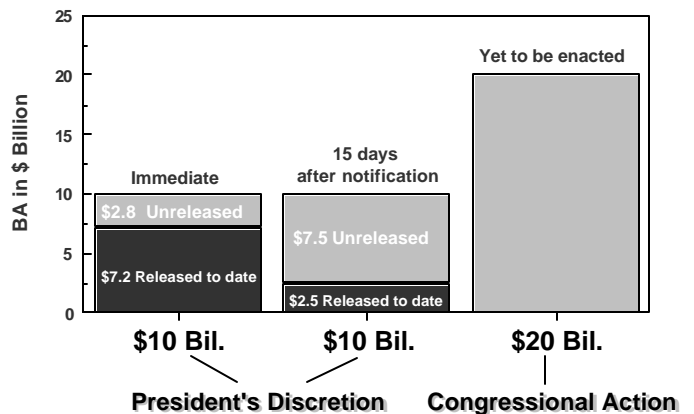
WHAT'S UP WITH THE \$40 BILLION?

- If you've been keeping up with the *Bulletin* for the past two months, you've followed the ongoing summary in words and in tables the fate of the \$40 billion promised in P.L. 107-38 to respond to the September 11 terrorist attacks. Nonetheless, there remains confusion or disagreement about the actions the President has already taken,

what action is still required of Congress, and whether certain promises are being fulfilled.

- The following chart shows that of the \$20 billion already appropriated, the President has released \$9.7 billion thus far (including the 5th release, detailed further below). And while he has not yet released \$10.3 billion of the \$20 billion, the Administration has indicated in broad terms to the appropriation committees how it intends to allocate those funds. To fulfill the \$40 billion promise, the President also has submitted a request for the other \$20 billion, but the Congress has not yet taken action on it (expected to be added as a supplemental to the 2002 Defense Appropriations bill).

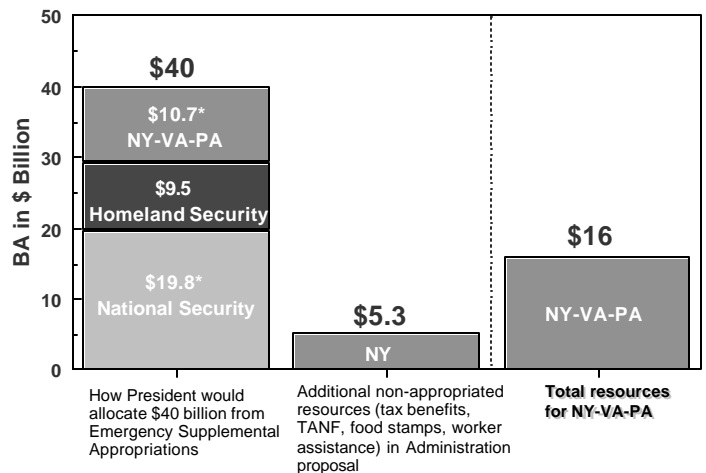
**Allocation of the \$40 Billion
Emergency Supplemental Appropriations Act**



Senate Budget Committee, Republican Staff, November 7, 2001.

- One of many complications affecting congressional consideration of this request is the argument by members representing New York that the President is not honoring a promise that New York receive \$20 billion (actually, the promise was not to New York alone; see *Bulletin's* Budget Quiz at end). This chart shows that the Administration expects \$10.7 billion of the total \$40 billion will go directly to New York, Virginia, and Pennsylvania for relief and recovery from the terrorist attacks (with an additional \$5.3 billion in non-appropriated resources – tax relief and mandatory spending – proposed to go to New York alone).

**Allocation of Resources to NY-VA-PA,
National Security, and Homeland Security**



*The \$1.1 billion for Pentagon (Virginia) reconstruction is reflected in amount for NY-VA-PA, not national security. Prepared by Senate Budget Committee, Republican Staff, November 7, 2001.

- In fact, the President's 5th release of funding on November 5 from the Emergency Response Fund goes mostly to the recovery in New York, with \$700 million being provided for Community Development Block Grants to that city. These funds will help in the economic recovery of the city where job and business losses are significant.

- The U.S. Postal Service will receive \$175 million for irradiation equipment (\$100 million) and personnel protection (\$75 million). On November 8, the Postmaster General testified to the Senate Appropriations Committee that the U.S. Postal Service would need \$5 billion to recover from the anthrax attacks and make the mail safe. He also testified that the federal government, not people who buy stamps, should provide these funds as part of homeland security.
- The President also allocates \$25 million to help compensate Reagan National Airport for the closure following the attacks and the loss of revenue to the airport authority and businesses located there.
- Only \$2.3 million for the U.S. Customs Service will be made available immediately to support National Guard troops to help expedite checks at ports of entry along the U.S.-Canada border.
- Within the \$9.7 billion that has been released to date from the Emergency Response Fund, Defense programs will have received \$5.5 billion (56 percent) of these funds. Nondefense programs have received \$4.3 billion (44 percent) for recovery from the attacks and homeland security requirements.

BA Transferred From the Emergency Response Fund (\$ in Millions)	
	2001
First through Fourth Release of Funds ^{/a, /b, /c, /d}	8,817.9
Fifth Release of Funds	
Funds available immediately	
Department of Treasury	
U.S. Customs Service - checks at ports of entry	2.3
Funds available after 15 days	
Department of Housing and Urban Development	
Community Development Block Grants for NYC	700.0
Department of Transportation	
FAA - compensate Reagan National Airport	25.0
United States Postal Service	175.0
Irradiation equipment	100.0
Personnel protection equip., testing kits, site clean-up	75.0
Subtotal, funds available after 15 days	900.0
Subtotal, Fifth release of Funds	902.3
Total Released thus far	9,720.2
Defense	5,460.4
Nondefense	4,259.8
Funds available immediately	7,232.6
Funds available after 15 days	2,487.7

Source: OMB

/a Information on first release found in *Budget Bulletin* published October 1, 2001.

/b Information on second release found in *Budget Bulletin* published October 8, 2001.

/c Information on third release found in *Budget Bulletin* published October 29, 2001.

/d Information on fourth release found in *Budget Bulletin* published November 5, 2001.

- Additional funding may be released in the next few weeks for homeland security requirements of Departments of Agriculture, Justice, State, Transportation, and Treasury. Additional funding is likely for international assistance programs. The Department of Defense is also likely to receive another significant release of funding for ongoing engagement in Operation Enduring Freedom.

BUDGET QUIZ

Question: What do the following numbers mean?

Answer:

- 0** – Number of hearings the Senate Appropriations Committee has

held since 9/11 on additional defense funding beyond \$342 billion for 2002 and \$19.8 billion in 2002 emergency funds already agreed to.

- 1** – Number of people – the President – whose veto threat can affect the spending commitments that will be made in the last month of this session of Congress.
- 3** – Number of days it took after 9/11 for Congress to clear the \$20 billion Emergency Response Supplemental for 2001 (P.L. 107-38).
- 4** – Number of hearings the Senate Appropriations Committee has held since 9/11 on additional non-defense funding needs for combating bioterrorism, improving northern border security, and impact on the Postal Service.
- 7** – Number of days it took after 9/11 for the President to sign into law the \$20 billion Emergency Response Supplemental.
- 8** – Number of weeks before the start of the next session of Congress, when further spending decisions for 2002 can be considered.
- 19.8** – Billions of dollars that the President and Congress will likely allocate to National Security purposes out of the \$40 billion for the Emergency Response Fund.
- 20** – Billions of dollars that have already been appropriated for the Emergency Response Fund and that the President has full discretion to allocate.
- 20** – Billions of dollars that the President requested on October 17 to fulfill the \$40 billion authorized in P.L. 107-38, but which Congress has yet to take action on – so it still must be enacted!
- 20** – Billions of dollars, which is equal to “not less than one-half of the \$40 billion [that] shall be for disaster recovery activities and assistance related to the terrorist acts in New York, Virginia, and Pennsylvania on September 11, 2001,” as specified in P.L. 107-38.
- 20** – Billions of dollars that Senator Byrd (the “Byrd 3rd” – as in the 3rd \$20 billion) thinks must be appropriated immediately for homeland defense.
- 34** – Number of Senators it takes to sustain a presidential veto of legislation that would spend more than the \$686 billion already agreed to for regular 2002 discretionary appropriations and the \$40 billion promised in P.L. 107-38.
- 38** – Number of Senators who signed a letter to the President as of November 8, which said they would support a presidential veto of any spending beyond the \$686 billion already agreed to for regular 2002 discretionary appropriations and the \$40 billion promised in P.L. 107-38.
- 60** – Number of Senators needed to overcome various 60 vote points of order that would apply against a domestic stimulus package.