



# **Veterans Affairs: Historical Budget Authority, FY1940-FY2012**

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## Summary

Budget authority—the amount of money a federal department or agency can spend or obligate to spend by law—for veterans’ benefits and services has increased significantly since FY1940. In FY1940, the budget authority for veterans’ benefits and services was \$561.1 million, and in FY2012 the budget authority was \$125.3 billion, or *more than 200 times* the FY1940 budget authority. In constant 2011 dollars (i.e., inflation-adjusted), the FY2012 budget authority is *14 times* the FY1940 budget authority. The increases over time have reflected the impact of increases in the number of veterans as the result of wars and other conflicts, the aging of the veteran population, and changes in benefits and services provided for veterans. This report provides information on the historical budget authority of the Department of Veterans Affairs (formerly the Veterans Administration) for FY1940 through FY2012. Budget authority is presented in both current dollars and constant 2011 dollars.

This report will be updated as additional information becomes available.

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## Introduction

Because of the annual budget and appropriation process in Congress and the current conflicts involving U.S. servicemembers overseas, there is a strong interest in the levels of spending by the federal government for veterans' benefits and services<sup>1</sup> among members of Congress and the public. For this report, veterans' benefits and services include direct spending on veterans (such as disability compensation or health care) and indirect spending (such as administration and construction of facilities). This report provides information on the historical budget authority for veterans' benefits and services for FY1940 through FY2012, and a brief discussion of major changes in budget authority over this period. Budget authority is presented in both current dollars and constant 2011 dollars (i.e., inflation-adjusted).

## Budget Authority for Veterans' Programs, FY1940-FY2012

The budget authority<sup>2</sup> for veterans' benefits and services over the FY1940-FY2012 period has generally shown a steady increase. As can be seen in **Table 1** and **Figure 1**, the FY2012 budget authority in current dollars was *more than 200 times* the FY1940 budget authority, reflecting an average annual growth rate for the period of 7.9%.<sup>3</sup> In constant 2011 dollars, the FY2012 budget authority is *14 times* the FY1940 budget authority and reflects a 3.8% average annual growth rate over the period.<sup>4</sup>

## World War II

A large number of Americans, 16.1 million, served in the military in World War II (WWII, December 7, 1941, through December 31, 1946), making WWII the largest conflict to date in terms of the number of servicemembers. Because the servicemembers volunteered (or were drafted) for "the duration," a large number of servicemembers were released in a relatively short period of time at the end of the war.

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<sup>1</sup> For information on FY2010 appropriations for veterans' benefits and services, see CRS Report R40731, *Military Construction, Veterans Affairs, and Related Agencies: FY2010 Appropriations*, coordinated by Daniel H. Else.

<sup>2</sup> Budget authority is the amount of money the federal department or agency can spend or obligate to spend by law. Budget authority has several forms, including appropriations; authority to borrow; contract authority; and authority to spend from offsetting collections. For more information, see CRS Report 98-721, *Introduction to the Federal Budget Process*, coordinated by Bill Heniff Jr.

<sup>3</sup> The federal fiscal year changed between 1976 and 1977. For FY1940 through FY1976, the federal fiscal year was July through June. For FY1977 and later, the federal fiscal year was October through September. The adjustment quarter in 1976 is not shown in the figures used in this report.

<sup>4</sup> For this report, constant dollar budget authority figures were calculated using the current dollar budget authority data provided by the Department of Veterans Affairs and a calculated fiscal year basis inflation factor based on monthly data for the Consumer Price Index for All Urban Consumers (CPI-U), U.S. City Average published by the Bureau of Labor Statistics.

Before the end of the war, the Servicemen's Readjustment Act (P.L. 346 of the 78<sup>th</sup> Congress), commonly known as the GI Bill, was signed into law in 1944, providing a major change in benefits for veterans. The GI Bill introduced education and training benefits that enabled millions of servicemembers who may have otherwise been unable to attend college or training schools to receive a college education or specific job skills training. In addition, the housing loan guarantee benefits provided by the GI Bill enabled WWII veterans to purchase homes for their families.

As shown in **Table 1**, the combination of the large number of veterans being released in a relatively short period of time and the change in benefits resulted in the budget authority for veterans increasing from \$561.1 million before the war in FY1940 to a peak in the post-war period in FY1947 of almost \$8.4 billion.

In current dollars, the FY1947 budget authority was *14.9 times* the FY1940 pre-war budget authority for veterans. In constant 2011 dollars, the FY1947 budget authority for veterans was \$80.7 billion, or *9.8 times* the FY1940 pre-war budget authority for veterans.

## The Vietnam Era

The Vietnam era (February 28, 1961 through May 7, 1975) was significantly longer than WWII, with a total of 8.7 million Americans who served in the military during the period. Until the end of 1972, a military draft was in place (the last drafted servicemembers began service in 1973), and drafted servicemembers were released through the period at the end of their military obligation. Also, while benefit changes or expansions were made during the period, no new large benefit programs were started during the period (unlike the WWII period). As a result of the regular release of servicemembers from the military over the period and the relatively stable levels of veterans' benefits and services, the large peak in budget authority at the end of WWII was not repeated at the end of the Vietnam era.

There was however a smaller peak in budget authority for the FY1975-FY1976 period that reflected an increase in the number of veterans at the end of the Vietnam conflict. While the current dollar budget authority for FY1975 and FY1976 was 2.0 and 2.3 times the FY1947 budget authority, in constant 2011 dollars (after adjusting for inflation) the budget authority for FY1975 and FY1976 was below that of FY1947. This reflects in large part the differences between the two conflicts in terms of the timing for release of servicemembers and veterans benefits and services (compared to the pre-conflict period).

## Current Conflicts

During the current conflicts [Operation Enduring Freedom (OEF, which began October 2001), Operation Iraqi Freedom (OIF, March 2003 - August 2010), and Operation New Dawn (which began September 2010)], there is no military draft in place. Servicemembers generally leave at the end of their obligation, or at retirement. The somewhat steady increase in budget authority for veterans' benefits and administration each year since the late 1990s reflects the impact of the aging of the veteran population (with an accompanying increased demand for services) in addition to the impact of the returning OEF/OIF veterans. Also, increases in appropriations for disability compensation reflect changes to the conditions considered presumed to be service-connected for Vietnam veterans. In FY2000, of the 83,159 veterans who began receiving disability compensation that year, 19.8% were aged 55 or older. By FY2011, of the 272,509

veterans who began receiving disability compensation that year, 52.9% were aged 55 or older.<sup>5</sup> The budget authority for FY2009 and later years also reflect the impact of the Post-9/11 Veterans Educational Assistance Program.<sup>6</sup>

Over time, the increases in the budget authority for veterans' benefits and services have reflected the impact of increases in the number of veterans as the result of wars and other conflicts, the aging of the veteran population, and changes in the benefits and services provided for veterans. The most dramatic impact of the combination of an increase in the number of veterans and changes in veterans' benefits can be seen in the period shortly after World War II.

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<sup>5</sup> Department of Veterans Affairs, Annual Benefits Report, various years, available at <http://www.vba.va.gov/REPORTS/abr/index.asp>.

<sup>6</sup> Established by the Post 9/11 Veterans Education Assistance Act of 2008, P.L. 110-252. For more information, see CRS Report R41620, *The Post-9/11 Veterans Educational Assistance Improvements Act of 2010, As Enacted*, by Cassandra Dortch.

**Table I. Historical Budget Authority for the Department of Veterans Affairs (VA) in Current and Constant (FY2011) Dollars, FY1940-FY2012**

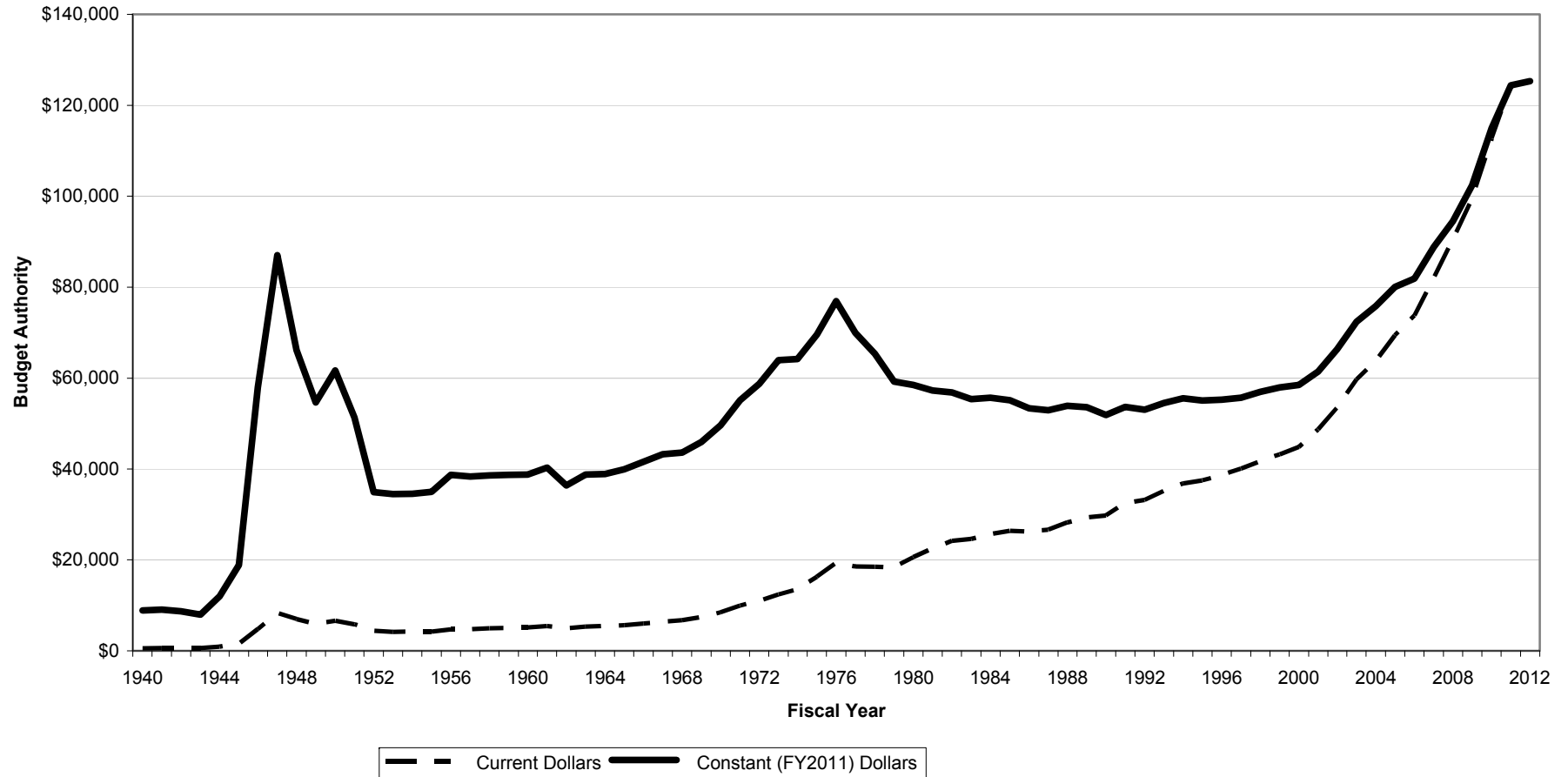
(dollars in millions)

Fiscal Year	Current Dollars	Constant (FY2011) Dollars	Fiscal Year	Current Dollars	Constant (FY2011) Dollars
1940	561.1	8,876.6	1977	18,572.9	69,962.9
1941	582.0	9,088.5	1978	18,515.0	65,355.4
1942	611.0	8,663.9	1979	18,355.7	59,243.9
1943	608.6	7,946.5	1980	20,551.8	58,528.2
1944	947.8	12,025.3	1981	22,455.2	57,311.0
1945	1,517.2	18,853.2	1982	24,205.4	56,865.2
1946	4,780.6	57,940.7	1983	24,607.0	55,428.4
1947	8,354.4	87,022.5	1984	25,634.4	55,681.4
1948	6,972.7	66,162.0	1985	26,387.0	55,157.6
1949	5,961.8	54,673.3	1986	26,230.4	53,293.3
1950	6,611.1	61,715.9	1987	26,605.4	52,880.8
1951	5,831.6	51,298.4	1988	28,242.0	53,900.6
1952	4,409.3	34,877.7	1989	29,344.9	53,533.2
1953	4,157.2	34,466.4	1990	29,778.1	51,849.3
1954	4,199.7	34,527.7	1991	32,525.0	53,696.5
1955	4,232.4	34,969.5	1992	33,157.6	53,041.1
1956	4,706.9	38,708.9	1993	35,154.7	54,535.8
1957	4,792.1	38,317.1	1994	36,780.1	55,613.3
1958	4,985.0	38,591.9	1995	37,466.1	55,071.8
1959	5,070.7	38,713.1	1996	38,634.9	55,286.0
1960	5,153.4	38,775.4	1997	40,054.4	55,727.2
1961	5,424.2	40,309.9	1998	41,686.6	56,982.0
1962	4,946.5	36,382.6	1999	43,137.8	57,962.3
1963	5,333.1	38,753.5	2000	44,818.9	58,531.5
1964	5,425.2	38,890.6	2001	48,665.2	61,449.3
1965	5,641.1	39,931.2	2002	53,495.0	66,372.7
1966	6,002.6	41,591.1	2003	59,673.1	72,445.7
1967	6,438.0	43,241.6	2004	63,824.8	75,827.4
1968	6,707.1	43,602.5	2005	69,436.4	80,084.3
1969	7,408.6	45,923.5	2006	73,736.8	81,924.4
1970	8,473.3	49,592.1	2007	82,013.8	88,823.3
1971	9,909.4	55,150.2	2008	90,525.5	94,538.6
1972	10,935.8	58,754.7	2009	99,447.3	102,425.9
1973	12,391.3	63,983.5	2010	112,694.6	114,957.6
1974	13,540.8	64,207.9	2011	124,383.5	124,383.5
1975	16,304.0	69,598.3	2012	125,304.3	125,304.3
1976	19,300.0	76,940.2			

**Source:** Table prepared by the Congressional Research Service (CRS) using data provided by the Department of Veterans Affairs, Office of the Budget, General Administration & Coordination Service.

**Note:** Budget authority shown in constant (FY2011) dollars was calculated using a fiscal year inflation adjustment based on monthly data for the annual Consumer Price Index All Urban Consumers (CPI-U) published by Bureau of Labor Statistics.

**Figure I. Historical Budget Authority for the Department of Veterans Affairs (VA) in Current and Constant (FY2011) Dollars, FY1940-FY2012**



**Source:** Table prepared by the Congressional Research Service (CRS) using data provided by the Department of Veterans Affairs, Office of the Budget, General Administration & Coordination Service.

**Note:** Budget authority shown in constant (FY2011) dollars was calculated using a fiscal year inflation adjustment based on monthly data for the annual Consumer Price Index All Urban Consumers (CPI-U) published by Bureau of Labor Statistics.



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