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# U.S. House of Representatives

## COMMITTEE ON VETERANS' AFFAIRS

ONE HUNDRED THIRTEENTH CONGRESS

335 CANNON HOUSE OFFICE BUILDING

WASHINGTON, DC 20515

<http://veterans.house.gov>

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March 21, 2013

Dr. Douglas Elmendorf  
Director  
Congressional Budget Office  
Ford House Office Building  
Washington, D.C. 20515

Dear Dr. Elmendorf:

The Department of Veterans Affairs (VA) provides essential disability benefits for our nation's veterans. In 2011, VA spent more than \$45 billion on its disability compensation program, over twice the amount spent in 2000 (both measured in 2013 dollars). In light of the underlying factors at play, costs are likely to continue rising. To ensure that disabled veterans are adequately compensated in this era of fiscal austerity, I am requesting that the Congressional Budget Office (CBO) undertake a series of studies that analyze VA's disability system.

The first study should describe the rise in spending for VA disability compensation over the past decade. The study should examine eligibility for VA disability compensation and the structure of benefits, including related benefits available from other federal departments such as military retirement and Social Security disability insurance. Finally, the report should examine options that might slow the growth in VA's disability expenditures over the next decade.

The second study would examine more fundamental questions about VA's disability system. I am requesting that CBO detail the goals that a disability compensation system might have and whether VA's system meets those goals. In particular, the current system was designed in the 1940s to compensate veterans for losses in civilian earnings potential; that system remains largely intact. However, the labor market has changed substantially since then, from one requiring large numbers of manual laborers to one that is more technology driven. The committee would like CBO to examine how well the existing system compensates veterans for earnings losses given those changes. The study should also compare the VA system to other disability systems in the United States and elsewhere. Finally, it should evaluate alternative methods for compensating veterans as well as various compensation theories.

Dr. Douglas Elmendorf  
Page 2

I ask that CBO study these issues and present the Committee its first report by August 2013 and its second report in 2014. The staff contact for this request is David Tucker, Minority Deputy Staff Director and Chief Counsel, who can be reached at (202) 225-9756.

With Warmest Regards,



MICHAEL H. MICHAUD  
Ranking Member

MHM:cw:cb