

THE TRUE COST OF THE WAR

HEARING

BEFORE THE

COMMITTEE ON VETERANS' AFFAIRS

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CONTENTS

September 30, 2010

	Page
The True Cost of the War	1
OPENING STATEMENTS	
Chairman Bob Filner	1
Prepared statement of Chairman Filner	39
Hon. Ciro D. Rodriguez	4
WITNESSES	
Batiste, Major General John, USA (Ret.), Rochester, NY	20
Prepared statement of General Batiste	53
Bilmes, Linda J., Daniel Patrick Moynihan Senior Lecturer in Public Policy, John F. Kennedy School of Government, Harvard University, Cambridge, MA	8
Prepared joint statement of Ms. Bilmes and Dr. Stiglitz	40
Disabled American Veterans, Joseph A. Violante, National Legislative Director	12
Prepared statement of Mr. Violante	50
Gibson, Corey, Terre Haute, IN	34
Prepared statement of Mr. Gibson	68
Knight-Major, Lorrie, Silver Spring, MD	32
Prepared statement of Ms. Knight-Major	64
Nash, Major General William L., USA (Ret.), Washington, DC	25
Prepared statement of General Nash	57
Stiglitz, Joseph E., Ph.D., University Professor, Columbia University, New York, NY	5
Prepared joint statement of Dr. Stiglitz and Ms. Bilmes	40
Van Derveer, Lieutenant Colonel Donna R., USA (Ret.), Ashville, AL	37
Prepared statement of Colonel Van Derveer	70
Veterans for Common Sense, Paul Sullivan, Executive Director	29
Prepared statement of Mr. Sullivan	58
Veterans' Outreach Center of Rochester, NY, Colonel James D. McDonough, Jr., USA (Ret.), President and Chief Executive Officer	22
Prepared statement of Colonel McDonough	54
SUBMISSION FOR THE RECORD	
Swords to Plowshares, statement	70

THE TRUE COST OF THE WAR

THURSDAY, SEPTEMBER 30, 2010

U.S. HOUSE OF REPRESENTATIVES,
COMMITTEE ON VETERANS' AFFAIRS,
Washington, DC.

The Committee met, pursuant to notice, at 10:00 a.m., in Room 334, Cannon House Office Building, Hon. Bob Filner [Chairman of the Committee] presiding.

Present: Representatives Filner, Mitchell, Teague, Rodriguez, McNerney, and Space.

Also Present: Representatives George Miller of California, Jones, and Moran of Virginia.

OPENING STATEMENT OF CHAIRMAN FILNER

The CHAIRMAN. Good morning. Welcome to this hearing of the House Veterans' Affairs Committee.

Let the record show that Members in attendance besides the Chair are Mr. Mitchell of Arizona; Mr. Teague of New Mexico; Mr. Rodriguez of Texas; and Mr. McNerney of California.

And I would ask unanimous consent that our colleague, the gentleman from North Carolina, Mr. Jones, be allowed to sit at the dais and participate as a Member of the Committee for this hearing.

Hearing no objection, Mr. Jones, thank you for joining us. We know of your great interest and leadership on the issues we are discussing. Thank you again for being here today.

We have titled the hearing "The True Cost of the War." It struck me, as I looked at a lot of the facts and data that we see across our desk, that, as a Congress and as a Nation, we really do not know the true cost of the wars we are fighting in Iraq and Afghanistan.

I also want the record show that Mr. Space from Ohio is here.

I ask unanimous consent that Mr. Moran from Virginia be allowed to sit at the dais and participate as a Member of the Committee for today. Hearing no objection, so ordered.

Thank you very much, Mr. Moran, for your leadership and interest on these issues.

We all look at the data that comes from these wars. It struck me one day that the official data for the wounded is around 45,000 for both wars; and, yet, we know that 600,000 or 700,000 of our veterans of these wars, of which there are over a million already, have either filed claims for disability or sought health care from the U.S. Department of Veterans Affairs (VA) for injuries suffered at war—45,000 versus 800,000. This is not a rounding error. I think this

is a deliberate attempt to mask what is going on, in terms of the actual casualty figures.

We know there is denial of post-traumatic stress disorder (PTSD). It is considered a weakness among Marines and soldiers to admit mental illness, so we don't even have those figures until it is possibly too late.

We all know that women are participating in this war in a degree never before seen in our Nation's history, and yet, an estimated half or two-thirds have suffered sexual trauma. The true cost of war.

We know that over 25,000 of our soldiers who were originally diagnosed with PTSD got their diagnosis changed—or their diagnosis was changed as they had to leave the Armed Forces, changed to personality disorder. Now, not only does that diagnosis beg the question of why we took people in with a personality disorder, it means that there is a preexisting condition and we don't have to take care of them as a Nation. It is the cost of war.

There have been months in this war where the suicides of active-duty members have exceeded the deaths in action. Why is that? When our veterans come home from this war, we say we support troops, we support troops, we support troops, but there is a 30-percent unemployment rate for returning Iraq and Afghanistan veterans. That is three times an already-horrendous rate in our Nation. Guardsmen find difficulty getting employment because they may be deployed.

Now, a democracy has to go to war sometimes, but people have to know what is the cost? They have to be informed of the true nature not only in terms of the human cost and the material cost but hidden costs that we don't know until after the fact, or don't recognize.

Why is it that we don't have the mental health care resources for those coming back? Is it because we failed to understand that the cost of serving our military veterans is a fundamental cost of the war? Is it because we sent these men and women into harm's way without accounting for and providing the resources necessary for their care if they are injured, wounded, or killed?

Every vote that Congress has taken for the wars in Iraq and Afghanistan has failed to take into account the actual cost of these wars by ignoring what will be required to meet the needs of our men and women in uniform who have been sent into harm's way. This failure means that soldiers who are sent to war on behalf of their Nation do not know if their Nation will be there for them tomorrow.

The Congress that sends them into harm's way assumes no responsibility for the long-term consequences of their deployment. Each war authorization and appropriation kicks the proverbial can down the road. Whether or not the needs of our soldiers injured or wounded in Iraq and Afghanistan will be met is totally dependent on the budget priorities of a future Congress, which includes two sets of rules: one for going to war and one for providing for our veterans who fight in that war. We don't have a budget for the VA today, as we are about to enter the new fiscal year.

We are trying to provide for those involved in atomic testing in World War II, even after we were told there would be no problems,

and yet they can't get compensation for their cancer. This Committee and this Congress has a majority of people who believe that we should fully compensate the victims of Agent Orange for injuries in Vietnam. Yet we have a PAYGO rule on bills coming out of this Committee. They say it is going to cost roughly \$10 billion or \$20 billion over the next 10 years but we don't have it—why don't we have it? They fought for this Nation. We are still trying to deal with Persian Gulf War illness, not to mention all the casualties from this war.

We have to find a PAYGO offset, but the U.S. Department of Defense (DoD) doesn't have to. The system that we have for appropriating funds in Congress is designed to make it much easier to vote to send our soldiers into harm's way than it is to care for them when they come home.

This Committee and every one of the people here has fought tooth and nail to get enough money for our veterans. We have to fight for it every day. We have been successful in the last few years, but we won't if that rate of growth continues.

This is morally wrong, in my opinion, and an abdication of our fundamental responsibility as Members of Congress. It is past time for Congress to recognize that standing by our men and women in uniform and meeting their needs is a fundamental cost of war. We should account for those needs and take responsibility for meeting them at the same time we send these young people into combat.

Every Congressional appropriation for war, in my view, should include money for what I am going to call a Veterans Trust Fund. The Fund will assure the projected needs of our wounded and injured soldiers are fully met at the time they're going to war.

It is not a radical idea. Businesses are required to account for their deferred liability every year. Our Federal Government has no such requirement when it comes to the deferred liability of meeting the needs of our men and women in uniform, even though meeting those needs is a moral obligation of our Nation and a fundamental cost. It does not make sense fiscally; it does not make sense ethically.

If, in years past, Congress had taken into account this deferred fiscal liability and moral obligation of meeting the needs of soldiers, we would not have the kind of overburdened delivery system that we have today in the Department of Veterans Affairs. Would veterans and their advocates on Capitol Hill have to fight as hard as they do every year for benefits that should be readily available as a matter of course? Would they have to worry as much as they do today that these benefits will become targets in the debate over reducing the Federal budget?

Listen to this statement by the Co-chair of the National Commission on Fiscal Responsibility that is trying to figure out how we balance our budget. Former Senator Simpson said, "The irony is that veterans who saved this country are now, in a way, not helping us to save the country in this fiscal mess." That is, they should defer their health and welfare needs because of a budget problem.

So we are going to examine this. I thank the gentlemen who are here today. The Congress did adjourn early this morning, and it is good to have you all here on this important issue.

[The prepared statement of Chairman Filner appears on p. 39.]

The CHAIRMAN. Would anybody like to make opening remarks?
Mr. Rodriguez.

OPENING STATEMENT OF HON. CIRO D. RODRIGUEZ

Mr. RODRIGUEZ. Yes, Mr. Chairman, let me first thank you for allowing us to be here. As you indicated, we have adjourned, and I first have a flight I am going to be taking, but I do want to thank you for focusing our attention on this major issue.

I also want to mention that this might be probably the last time we meet this year, and I want to just thank you for your leadership in the last 4 years in making a huge difference to our veterans. Having served on this Committee probably, of the ones that are here today, the longest, next to you—I know that we have had some frustrating situations, and the last 4 years has been very rewarding to at least make some inroads into some of the problems. And I am hoping that, as we move forward, that you will continue to bring up the importance of reaching out to these veterans.

I know that one issue that I just want to again mention is the one where we dealt with Project 112, which was the studies that were done in the 1960s and 1970s, and where at first, the Department of Defense denied having even done the studies. Later on, we found that there was about 20-something studies, and then there was 30-something. I guess the last figure was about 50-something studies in the 1960s and 1970s where we used nerve gas and used specially other things on our own soldiers and then actually experimented with them, a lot of the Marines and people in the Navy. And still we haven't done the right thing with a huge number of them.

And so I am hoping that, as we move forward, we do the right thing for those veterans who suffered. Our veterans were there for us, and we need to be there for them now as they reach their twilight years.

Thank you very much for your leadership in this area.

The CHAIRMAN. Thank you, Mr. Rodriguez.

Mr. Jones or Mr. Moran, any opening remarks?

Mr. JONES. No, thank you, Mr. Chairman. I am just anxious to hear from the witnesses—

The CHAIRMAN. Great. We are going to hear from them after I give another hour of opening remarks.

We are going to examine these questions today. We are pleased and honored to have with us Nobel Laureate Joseph Stiglitz of Columbia University, Linda Bilmes of Harvard, the authors of "The Three Trillion Dollar War," which was a groundbreaking book that brought a healthy but sobering dose of reality into our public debates about the wars in Iraq and Afghanistan and the long-term consequences of those decisions.

We are also, in the following panels, going to have distinguished military leaders, veterans of the wars in Iraq and Afghanistan, veterans advocates, and families of veterans to help us put into focus this question of how we deal with our veterans who have served us.

It is time for open and honest discussion about the moral obligations for our Nation. It is time to reflect on the need to reform a process that systematically denies the connection between fighting

a war and meeting the needs of those we send into harm's way. Our veterans deserve better.

Professor Bilmes joins us from Harvard University. Dr. Stiglitz joins us from Columbia University, and Dr. Joe Violante—I have just given you an honorary doctorate—is here representing the Disabled American Veterans (DAV).

Thank you for being here today.

Dr. Stiglitz, are you first up? We will include all of your written statements in the record.

I don't know who is first, Dr. Stiglitz or Ms. Bilmes? Okay, Dr. Stiglitz, proceed please.

STATEMENTS OF JOSEPH E. STIGLITZ, PH.D., UNIVERSITY PROFESSOR, COLUMBIA UNIVERSITY, NEW YORK, NY (NOBEL LAUREATE); LINDA J. BILMES, DANIEL PATRICK MOYNIHAN SENIOR LECTURER IN PUBLIC POLICY, JOHN F. KENNEDY SCHOOL OF GOVERNMENT, HARVARD UNIVERSITY, CAMBRIDGE, MA; AND JOSEPH A. VIOLANTE, NATIONAL LEGISLATIVE DIRECTOR, DISABLED AMERICAN VETERANS

STATEMENT OF JOSEPH E. STIGLITZ, PH.D.

Dr. STIGLITZ. Well, thank you very much, Chairman Filner, Members of the House Veterans' Affairs Committee. Thank you for convening this hearing today and for inviting us to testify on the true cost of the war.

Congressman Filner outlined some of the costs of war, the human costs, that go beyond the budgetary costs that so much of the attention has been focused on. I want to thank you for your commitment to deal with these problems.

There is no such thing as a war for free. The repercussions of war and the costs of war persist for decades after the last shot is fired. As Congressman Filner mentioned, the inevitable costs, the economic consequences, and the long-term welfare of the troops are seldom mentioned at the start of a conflict.

The budgetary problems facing the United States today remind us that even the richest country in the world faces constraints and must make choices. Limitations of resources, both budgetary and military, have to be confronted. But we can only make intelligent choices if we have the relevant information. Analysis of costs and benefits provide some of the critical pieces of information.

Today, we have a better view of both the benefits and the costs of war than we did at the outset. The benefits of the war center on the value of additional security obtained by the war. This is a subject on which reasonable people may disagree. It requires assumptions typically unverifiable about what would have happened in the absence of the conflict.

Estimating the cost of the war is more straightforward. There is no doubt that wars use up resources. The question is how to estimate the full magnitude of the resources used and assign values to them. Any estimates have to be comprehensive, not only the direct budgetary cost today but the long-term budgetary cost, some of which are felt outside of the Department of Defense, as well as the overall cost to our economy and our society.

Looking at the long-run cost for war is especially important because the cost lasts so long. For instance, disability claims for World War I veterans did not peak until 1969.

It is obvious now that the wars in Iraq and Afghanistan have been far more costly, both in terms of blood and treasure, than its advocates suggested at the outset. The absence of reliable estimates meant there was no opportunity for a meaningful debate before we embarked on this war of choice.

Two years ago, we published “The Three Trillion Dollar War: The True Cost of the Iraq Conflict,” in which we estimated that the total cost to the U.S. through 2017, including lifetime health care and disability costs for returning troops, as well as the economic impacts to the country, would be \$3 trillion. This price tag dwarfed previous estimates, but subsequent investigations by both the Congressional Budget Office (CBO) and the Joint Economic Committee of Congress found our estimate to be broadly correct.

This morning we will focus on three issues. First, we will discuss some of the costs that the war has imposed on the U.S. economy.

Second, we will provide an updated estimate for the single-biggest long-term budgetary cost of the current war, which is the cost of providing medical care, disability compensation, and other benefits to veterans of the Iraq and Afghanistan conflicts.

Thirdly, we will argue that such costs are inevitable and can be estimated, to some extent, in advance. This means the U.S. should be making provisions for its war veterans at the time we appropriate money for going to war. We will recommend steps that can be taken to address this unfunded financial liability.

Before turning to the cost to the U.S. economy, let me make a few introductory comments about the difficulties of estimation. What makes this analysis challenging is that government accounting systems do not document most items in a way that would enable an easy assessment of the resources directly used or the full budgetary impact. Congressman Filner has pointed out the discrepancies between the 45,000 casualties and the number of individuals making use of our VA medical facilities and claiming disabilities.

The way we account for our troops is an essential example of the way economic costs typically exceed budgetary costs. For example, from the sole perspective of military accounting, the cost of a soldier’s life is valued at \$500,000. This doesn’t include the cost to the military of recruiting and training a replacement troop and the impact on morale and mental health of the rest of the unit. It also does not reflect the economic loss of a young man or woman. By contrast, when civilian agencies, such as the Environmental Protection Agency and the Food and Drug Administration, are evaluating proposed regulation, when they compare the cost of imposing a regulation to the potential life saved, they estimate the value of a life between \$6 million and \$8 million.

In addition to the known cost of conducting current and future military operations and caring for war veterans, which Linda will discuss later, the most sobering costs of the conflict are in the category of “might have beens,” what economists call opportunity costs.

Specifically, in the absence of the Iraq invasion, would we still be mired in Afghanistan? Would oil prices have risen so rapidly?

Would the Federal debt be so high? Would the economic crisis have been so severe? Arguably, the answer to all four of these questions is “no.”

Between 2003 and 2006, we have spent five times as much money in Iraq as in Afghanistan. The Iraq invasion diverted our attention from Afghanistan, a war that is now entering its 10th year and which threatens to destabilize nuclear-armed Pakistan. While success in Afghanistan might always have been elusive, we would probably have asserted control over the Taliban and suffered less expense and loss of life if we had maintained our initial momentum and not been sidetracked in Iraq.

The second cost is the higher price of oil, which has had a devastating effect on our economy. When we went to war in Iraq, the price of oil was under \$25 a barrel, and future markets expected it to remain around that level. With the war, prices started to soar, by 2008 reaching \$140 a barrel.

In our conservative \$3 trillion estimate, we attribute only \$5 to \$10 of the per-barrel-price increase to the war. However, we now believe that a more realistic estimate of the impact of the war on the oil price over a decade is at least \$10 to \$15 per barrel. That translates into at least an additional \$250 billion increase in the cost of war above the numbers in our book.

Thirdly, the war added substantially to the Federal debt. It is the first time in America’s history where a government cut taxes as it went to war, even in the face of continued government deficits. When the crisis began, the global financial crisis, the debt reduced our room to maneuver. It does so even more today, with the results of a deeper and longer recession.

But the link between the war and the crisis is even stronger than that. The crisis itself was, in part, due to the war. The increase in oil prices reduced domestic aggregate demand. Money spent buying oil abroad was money not available for spending at home, for instance. Loose monetary policy and lax regulations kept the economy going through a housing bubble, whose breaking brought on the global financial crisis.

Counterfactuals, what might have happened if we had not gone to war, are always difficult, and especially so with complex phenomena like a global financial crisis with so many contributing factors. What we do know is that one of the true costs of the war is its contribution to a worse economic recession, higher unemployment, and larger deficits than might have otherwise occurred.

Let me conclude with a few general observations. The large disparity between budgetary and the full economic cost of war means that there is a need for a comprehensive reckoning to the cost of the economy as a whole. The fact that we have been able to construct estimates underlines the fact that this exercise can be done once there is a will to do it.

Without good information, there cannot be good decisions about going to war, about exiting the war, and about the conduct of the war. But even more is at stake, as we face intense budgetary pressures in coming years. We have an implicit contract with our veterans, who have served their country so well.

But the way the political and budgetary process is conducted today fails to recognize this. Veterans expenditures are subject to

the same PAYGO rules as any other expenditure. This puts our commitments to veterans in jeopardy. This is even more important as these costs soar in response to this war.

Professor Bilmes will discuss these costs and the reforms that are necessary to ensure that we fulfill our commitments.

Thank you.

The CHAIRMAN. Thank you.

Ms. Bilmes.

STATEMENT OF LINDA J. BILMES

Ms. BILMES. Chairman Filner, Members of the Committee, thank you for inviting us to testify today.

My father was a World War II veteran who served in the Army and earned his college and graduate degrees under the GI Bill. I am grateful to our country for honoring its commitment to him.

I would like to discuss two issues in my statement. First, I will explain our revised cost estimates for veterans' medical care and disability benefits. Second, I will recommend that we develop a financial strategy for meeting this obligation.

The largest long-term budgetary cost of the wars is providing medical care and disability benefits to veterans who have served in Iraq and Afghanistan. As of this month, 5,700 U.S. servicemen and women have died, and over 90,000 have been wounded in action or injured seriously enough to require medical evacuation. A much larger number, over 565,000, have already been treated in VA medical facilities.

The evidence from previous wars shows that the cost of caring for war veterans peaks in 30 to 40 years or more after a conflict. The costs rise over time as veterans get older and their medical needs grow.

Two and a half years ago, we estimated the likely cost of providing medical care and disability benefits to Iraq and Afghanistan veterans based on historical patterns. We now have the actual record of 400,000 recent veterans, and we have revised our estimates based on this new information.

The most striking finding is that veterans from the recent wars are utilizing VA medical services and applying for disability benefits at much higher rates than in previous wars. The higher medical usage is the result of several factors, including higher survival rates for seriously wounded troops, higher incidence of post-traumatic stress disorder and other mental health problems, more veterans who are willing to seek treatment for mental health ailments, more generous medical benefits, more presumptive conditions, and higher benefits in some categories.

The high incidence of PTSD means that the medical cost of current conflicts will continue to rise at a rapid rate for many decades. This was the experience with Vietnam veterans diagnosed with PTSD.

And recent studies have documented that PTSD sufferers are at a higher risk for heart disease, rheumatoid arthritis, bronchitis, asthma, liver, and peripheral arterial disease. PTSD sufferers are 200 percent more likely to be diagnosed with a disease within 5 years of returning from deployment. Veterans with PTSD utilized non-mental health care services, such as primary care, ancillary

services, diagnostic tests and procedures, emergency services, and hospitalizations, 71 to 170 percent higher than those without PTSD.

Research has also shown that traumatic brain injury, which is estimated to affect some 20 percent of Iraq and Afghanistan veterans, often in conjunction with PTSD, places sufferers at higher risk for lifelong medical problems such as seizures, decline in neurocognitive functioning, dementia, and chronic diseases.

The high number of claims among recent veterans is due both to the health problems I described and also to better outreach and capacity at the VA and greater availability of information on the Internet and greater outreach by veterans service organizations.

Since our book was written, a number of recommendations that we and others urged have been adopted, including that VA has expanded the Benefits Delivery at Discharge Program and Quick Start; increased the number of conditions that are presumptive in favor of the veteran; liberalized the PTSD “stressor” definition and increased some categories of benefits; provided 5 years of free health care instead of 2; and is in the process of restoring medical care to 500,000 moderate-income Priority 8 veterans.

VA has also hired more medical and claims personnel and invested heavily in information technology (IT) upgrades to the claims process. All of these factors contribute to the rising cost estimates I will describe.

Our model for projecting long-term budgetary cost is based entirely on government data. We based our projections for troop levels on estimates by the Congressional Budget Office and the Congressional Research Service. And we used rates of average disability compensation, Social Security Disability benefits, and medical costs on information from the Veterans Benefits Administration (VBA), the Veterans Health Administration, Social Security Administration, and government economic indicators.

The projections cover the period for the 1.25 million servicemembers who have been discharged from Iraq and Afghanistan and become veterans from 2001 to the present, as well as estimates for military members who will become veterans by 2020.

In our earlier work, we estimated that the long-term cost of providing medical care and disability compensation for these veterans would be between \$400 billion and \$700 billion, depending on the length of and intensity of the conflict and future deployment levels. We now expect the cost range to be between \$589 billion and \$934 billion, depending on these factors. I believe there is a chart, which has been posted here, which shows our earlier estimates as well as our current estimates.

About three-quarters of this increase is due to higher claims activity and higher medical utilization of Iraq and Afghanistan veterans. And about 18 percent is due to the higher number of troops deployed. Six percent is due to the difference in projecting through 2020 instead of 2017.

In terms of disability cost projections, in 2008, we had projected that between 366,000 and 398,000 returning Iraq and Afghanistan veterans would have filed disability claims by this point, by 2010. In fact, more than 513,000 veterans have already applied for VA disability compensation. We now estimate that the present value of

these claims over the next 40 years will be from \$355 billion to \$534 billion.

In addition, veterans who can no longer work may apply for Social Security Disability benefits. We estimate that the present value of lifetime Social Security Disability benefits for these veterans will range from \$33 billion to \$52 billion.

In terms of medical cost projections, in our earlier analysis, we had anticipated that 30 to 33 percent of returning veterans, which would be fewer than 400,000, would have been treated in the VA medical system by 2010. The actual number is running at more than 565,000 veterans, that number is from April, so it is probably approaching 600,000 veterans now, which is about 45 percent of discharged troops. In our earlier work, we had projected that the VA would not reach this level until 2016.

We now estimate that the present value of medical care provided by the VA to veterans from Iraq and Afghanistan over the next 40 years will be between \$201 billion and \$348 billion, depending on the duration and intensity of military operations.

These estimates do not include a range of additional costs that will be paid by departments across government, including veterans' home loan guarantees, veterans' job training, concurrent receipt of pensions, higher costs to Medicare and TRICARE for Life by veterans who are not enrolled in the VA system, costs to State and local governments, or the GI Bill, which is an investment that will yield significant economic benefits but will also add budgetary costs.

Taking these costs into account, the total budgetary costs associated with providing for America's war veterans from Iraq and Afghanistan approaches \$1 trillion.

I also want to emphasize that the true cost goes beyond the budgetary costs. There are much larger social and economic burdens that are not paid by the Federal Government but nonetheless represent a real burden on society. These include the loss of productive capacity by young Americans who are killed or seriously wounded; lost output due to mental illness; the burden on caregivers who have to sacrifice paid employment in order to take care of a veteran; the cost of those, particularly among Reservists and Guards, who were self-employed and have lost their livelihood. For many veterans, there is simply a diminished quality of life, the costs of which is borne by individuals and families.

Women troops have been especially hard-hit. They make up 11 percent of the force. Divorce rates are three times higher for female than for male troops. And more than 30,000 single mothers have deployed to the war zone.

The military has also employed several hundred thousand contractors, who have become indispensable to the war effort. These contractors have also suffered from high rates of casualties, injuries, and mental health problems. These impose both budgetary costs—through government subsidies to worker compensation and insurance companies—and social costs in all of the areas mentioned for troops.

In our book, we attempted to quantify the monetary value of some of these costs, although some cannot be quantified. At that time, we estimated that these social costs would reach between

\$295 billion and \$400 billion in excess of the budgetary costs. Given the high number of casualties and the high incidence of mental illness, we expect that this cost will be even higher.

Let me now turn to the issue of financial liability. The scale of our financial commitment to providing for veterans is enormous, and we have estimated that the cost of Iraq and Afghanistan will add at least another half-trillion dollars onto that debt.

But, at present, the U.S. has no financial strategy for how it will pay this growing liability. The financial statements of the United States on the statement of net cost shows that providing for veterans is the fourth-largest cost to the U.S. Treasury.

In terms of accrued long-term liability, the balance sheet of the United States lists \$1.3 trillion in veterans' compensation and burial benefits and a liability for \$220 billion in veterans' housing loan guarantees. Just to be clear, that is \$1.3 trillion in deferred veterans' compensation. This does not take into account, however, the accrued liability for providing medical care or veterans' pensions. And we also believe it significantly understates the obligations for the current war.

We now have no financial plan for meeting this obligation. There is no dedicated mechanism through which taxpayers who are not in military service contribute directly to caring for war veterans. Funding must come from general revenues, competing with a myriad of other demands.

The consequence of ignoring this cost is threefold. First, it understates the true cost of going to war.

Second, from an economic perspective, it is poor financial management. We should not be financing a 40-year-long pension and benefit obligation from annual budget revenues. We are essentially asking VA to fund mandatory benefits using discretionary appropriations.

Third, it leads to the possibility that veterans' needs will not be funded. The VA has the responsibility to determine the availability of VA care based on appropriations levels. But even with the best will in the world and with a strong management team, this may result in insufficient funding. VA ran short of funds in 2005 and 2006. And, in January 2009, the U.S. Government Accountability Office found that VA's assumptions about its costs of long-term care were unreliable because they assumed cost increases were lower than VA's actual recent spending experience.

VA is now facing the additional challenge of estimating demand for 2 years in advance appropriations. However, this is proving challenging because, using its current model, VA cannot determine precise operating needs 2½ years in advance, yet it is being asked by appropriators and by the Office of Management and Budget to do this.

We recommend a different funding model that would include a mandatory component. I would personally—I have long advocated mandatory funding for VA medical care, particularly in light of the long-term infrastructure needs of the VA medical system.

Another way to accomplish creating a mandatory component would be to establish a Veterans Trust Fund that would be funded as obligations occur. Although we cannot estimate precisely the magnitude of long-term demands, it should be possible to develop

a framework for setting aside some funding at the time war money is appropriated.

Secondly, in order to facilitate this, we need to improve the actuarial capacity of the VA. The Department should be directed to work with the Institute of Medicine to develop a better system of forecasting the amounts and types of resources needed to meet veterans' needs in 30 years or more, when their needs are likely to peak.

I will stop here. And thank you, again, very much for bringing attention to this important issue.

[The prepared joint statement of Dr. Stiglitz and Ms. Bilmes appears on p. 40.]

The CHAIRMAN. Thank you, Professor Bilmes.
Mr. Violante.

STATEMENT OF JOSEPH A. VIOLANTE

Mr. VIOLANTE. Mr. Chairman and Members of the Committee, thank you for inviting me to testify today on behalf of Disabled American Veterans. With 1.2 million Members, all of whom were disabled during wartime, no organization understands the true costs of wars better than the DAV.

Mr. Chairman, war leaves a legacy of pain and hardship, borne by the men and women who suffer the wounds and bear the scars, as well as families who suffer the loss of a loved one and family members who care for disabled veterans. The true cost of war also includes the cost of peace, because all who defend our Nation have earned the rights to the benefits.

In order to cover all these costs today and in the future, there are a number of actions that Congress can take.

First, Congress must ensure that all benefits for disabled veterans are paid in full, not offset against other Federal benefits, eroded by inflation, nor whittled down by budget gimmicks such as rounding down our cost of living adjustments. And it is time to fully eliminate the prohibition on concurrent receipt of disability compensation and military retirement pay.

Second, we must fully compensate disabled veterans for their sacrifice and loss, which must include compensation for non-economic loss and loss of quality of life, not just loss of earning capacity. Both the Institute of Medicine and the Congressionally authorized Veterans' Disability Benefits Commission made this recommendation.

Third, Congress must ensure that existing veterans' benefits are paid accurately and timely to effectively fulfill their intended purpose. Unfortunately, everybody today recognizes the VA benefits claims-processing system is broken. VA must focus on the goal of getting claims done right the first time and not just, quote, "breaking the back of the backlog," end quote.

Mr. Chairman, in November, VBA will roll out its new IT system as a pilot program. At the same time, they are continuing to experiment with more than 50 pilots across the country. It is imperative that Congress provide strong oversight and leadership to ensure that each pilot is judged first and foremost on its ability to help the VA get claims done right the first time.

Fourth, we must fully support veterans' families and survivors. We are grateful that Congress approved the "Caregivers and Veterans Omnibus Health Service Act of 2010," but the law did not go far enough. Congress must extend these benefits to family caregivers of disabled vets from all conflicts and eras. Congress should also eliminate the offset for Survivor Benefit Plan and for those widows receiving Dependency and Indemnity Compensation (DIC).

Fifth, we must ensure that veterans receive high-quality, comprehensive health care from a robust VA health care system. And that requires VA to have sufficient, timely, and predictable funding.

While we remain grateful for the bipartisan support that made advanced appropriations a reality, we are concerned Congress and VA appear to be falling short of the promise of the law. With the new fiscal year beginning tomorrow and no Federal budget in sight, the fact that advanced appropriations for VA's fiscal year 2011 medical care budget is already in place demonstrates the importance and effectiveness of this new funding mechanism. However, Congress's failure to approve the regular fiscal year 2011 VA appropriations before adjournment also means that there is no fiscal year 2012 advanced appropriations approved for next year.

Furthermore, in a July 30th report to Congress, Secretary Shinseki stated that the level of funding contained in VA's fiscal year 2011 advanced appropriations was no longer projected to be sufficient, yet he did not recommend any additional funding. Instead, he talked about reprogramming existing funding from lower-priority areas, which is contrary to the purpose of advanced appropriations.

When VA reports funding requirements have changed due to unforeseen circumstances, the Secretary must request supplemental funding and Congress must provide such funding to fully meet their obligation.

Finally, we must ensure that our Nation never backs away from its obligations to veterans because of our government's inability to keep its fiscal house in order. Any Nation that fails to meet its obligation to those who served, sacrificed, and suffered is a country already morally bankrupt. As such, any recommendations that seek to balance the budget on the backs of disabled veterans must be rejected.

Mr. Chairman, the true cost of defending our Nation includes the full cost to compensate and care for all veterans as well as to support their family caregivers and survivors. Disabled American Veterans stands ready to work with this Committee and Congress to meet these sacred obligations to America's veterans, especially disabled veterans.

That concludes my testimony, and I would be happy to answer any questions. Thank you.

[The prepared statement of Mr. Violante appears on p. 50.]

The CHAIRMAN. Thank you, Mr. Violante.

Mr. Mitchell, do you have any questions?

Mr. Jones, you are welcome to participate.

Mr. JONES. Mr. Chairman, I will be brief.

I want to thank the professor and the doctor for the book, "The Three Trillion Dollar War." I bought it 2 years ago.

I have Camp Lejeune down in my district—60,000 retired veterans, and the numbers are growing. I want to thank the Chairman for not only this hearing but to bring to the attention of this Congress that we cannot continue to take care of our veterans with the same process. And you have said this, and you have made it very clear. If we don't look at alternatives, the DAV and all these other veterans service organizations are going to wonder, "Why were we cheated out of our benefits?" The shell game, Mr. Chairman, has to stop. That is why, again, this is so critical.

And I hope that, after the elections, whatever happens in November, that this issue—and I am a Republican, and I am not on this Committee, but I want to make this pledge to you and to the veterans of this country. This needs to be one of the number-one priorities for the Congress to figure out what we are going to do, because the collapse is on the way. And I think that the Veterans Trust Fund is the way to start the debate as to what can we do to ensure that we keep our promise to those who have served this country and deserve every benefit that they have earned.

And that is just a general statement. I don't really have a question, but I feel frustrated when I sit here. I have seen it for years. I have seen it for years. I see those kids at Walter Reed with their legs blown off. I see the moms crying, the wives crying. The kids are 19, 20, 21 years old. And, as you said, it is 30 years from now that we really have to be careful.

But, Mr. Chairman, please know that you have my commitment to join in whatever effort we move forward on. Because we are not being honest; we are cheating the veterans if we don't do what is necessary today.

I yield back.

The CHAIRMAN. Again, I thank you for your leadership on the other side of the aisle.

By the way, we can attribute Mr. Jones'—what shall I say—more expansive understanding to the fact that his father was a Democratic Congressman. He doesn't like for us to know that, but thank you.

Mr. Moran, again, thank you for your interest. Most people don't realize that when Members attend another Committee hearing, it is very unusual in this Congress, and very much appreciated.

Mr. MORAN OF VIRGINIA. Thank you, Chairman Filner. Thank you for your leadership.

And I know that the folks in this audience know that Chairman Filner has taken on this responsibility not just as a professional duty but as a personal moral commitment.

We have Mr. Miller entering the room, as well.

And it is nice to see you, George.

Speaking of Chairmen, Mr. Miller Chairs the Education and Labor Committee, which is very much involved in what we are talking about. That is one of the questions I want to ask.

But the first one: Mr. Obey, myself, Mr. Murtha, I think Mr. Rangel, perhaps Chairman Filner, we voted for an amendment that went nowhere, but we did it for 2 or 3 years running—it was Mr. Obey's idea—to have a surcharge to pay for the war. If we were going to pursue the Iraq War, let's just figure out what the cost is

and pay for it, rather than making that decision to go to war but passing on the cost to our children and grandchildren to pay for it.

It went down. I think there were more than 400 people who voted against the concept. But it doesn't mean it wasn't a legitimate issue to raise, and I think it would have been the responsible thing to do.

So my first question of two would be, would you have been able to estimate what that kind of surcharge would have been when we were actually making the decision? Is that consistent with the thrust of your testimony, that that is how we should go about making the decision whether or not to go to the war in the future.

Professor Stiglitz.

Dr. STIGLITZ. Yes, I think it is an excellent idea for a number of reasons.

First, I think it is very important to have transparency and accountability in government, that you ought to know what you are doing and what it costs, and citizens ought to know that, if you want to get something, you have to pay for it, you know, just like shopping, anything.

Secondly, we can calculate it. That is the point that we have been making. You know, you can't estimate it perfectly, but you can't estimate Social Security perfectly. But you can get a fairly reliable estimate that would be the basis of a surcharge. And whether you express it as a percentage of the defense appropriations or as a tax, a separate tax, you know, you could express it in a number of different ways. It would be very easy, actually, to do that.

And the third point is the point that Professor Bilmes made and the Congressman made, which is, by doing that, you would be setting aside money into a trust fund, and that is the only way that you can insulate this money against what I see as the increasing budget stringency that our country is going to be facing. And we should recognize that, for the next 20, 30 years, we are going to be facing very difficult budgetary problems. I mean, they are not going to go away. And there is no easy way—I mean, I have some views about how you could do it, but there is no easy way out of that.

And the reality, then, is that, under the PAYGO current framework, supporting these obligations that we have undertaken to our veterans has to compete with every other expenditure. And there will be pressure. And the reference to the Debt Commission, the reference to former Senator Simpson's testimony, is evidence of that kind of pressure that will be put on veterans' expenditures.

Mr. MORAN OF VIRGINIA. Well, thank you, Professor.

You mentioned in your testimony, and Professor Bilmes has as well, the fragmented cost of war. Just one example, in the Defense Appropriations Committee, we put \$900 million just for traumatic brain injury, and then in this Continuing Resolution, I don't think there are two or three Members who are aware that we added another \$300 million—it was a reprogramming of money for something else—bringing it up to \$1.2 billion just for traumatic brain injury just for 1 year, fiscal year 2010.

But the other question I wanted to ask—and then I will yield back the time. And I thank the Chairman. Senator Webb and others in both the House and Senate strongly supported, and was

passed, a GI Bill of Rights. The idea was to basically create a middle class again in the way that we did after World War II, by enabling returning veterans to get higher education and be able to lead to fuller, better employment prospects. Because, as you said, 30 percent of our veterans returning home are unemployed. But this also extends to the family, the wives and spouses.

Do we have an estimate of the cost of that? And I know that Chairman Miller would be very much interested, as well. What are we paying for that portion of higher education out of the same Federal budget?

Professor Bilmes.

Ms. BILMES. I don't have, an estimate for that, but I think it is a good question. And I think it is, like all of these numbers, a number that could be calculated.

One of our overall points throughout the process of working on these issues has been that there is actually very little attention to getting robust estimates in the veterans field. And when you compare the amount of effort, for example, that goes into studying the Social Security system compared with the amount of effort that goes into studying the long-term cost of veterans, whether it is the educational, the Transition Assistance Program, the research funding, the benefits, et cetera, it is a tiny fraction, not in scale with the, you know, actual, absolute size of the liability.

But, unfortunately, I don't have that particular number.

Mr. MORAN OF VIRGINIA. No, but it would be interesting to calculate.

Dr. STIGLITZ. Can I just make one further comment about the importance of providing the kind of benefit, the GI benefits? As we move to the All-Volunteer Army, we are recruiting particular socioeconomic groups into the Army and other military services. And these are often among the parts of our society that are less privileged. And, unless we do that, we will continue to have the problems of the 30 percent unemployment, which is a long-run problem for our society.

And there has been reference made to high suicide rates, high problems of family. Those problems are all compounded when people can't get a job. And when people don't have the adequate education, in a modern economy it is very difficult to get the jobs.

So I view this as part of our social obligation to those who fought for us which we are now not really fulfilling.

Mr. MORAN OF VIRGINIA. Absolutely. And one cost that—a very substantial cost that we don't factor in is the burden on local municipal human service programs. Because these folks, a large number go back into the community but still have mental health adjustment problems, domestic abuse problems and so on related to their combat experience. And it is a municipality's responsibility to care for them, and we don't calculate that cost, let alone add it to the full cost of the war. And I appreciate it.

Chairman Filner, thank you so much for having this hearing and thank you for your commitment to this issue.

The CHAIRMAN. Thank you, Jim. We appreciate your testimony today.

This should not be radical, as I said in my remarks. This deferred liability is a common, accepted practice, and yet your testi-

mony is mind boggling. The things that we have to take into account and that we can take into account, Professor Bilmes, we don't. It is not rocket science as you are pointing out, that we do it.

By the way, before I go further, I am not sure this hearing would have taken place without the incredible work of a former Congressman who is with us today, Tom Andrews from Maine. Tom, thank you for helping us do this and your persistence and understanding of the breadth of these issues. Thank you so much, Tom Andrews.

Politicians and journalists like to get a headline out of this. You wrote the book, "The \$3 Trillion War." What would the title say if you were doing it now? Could I say \$4 trillion? Could I say \$5 trillion? Could I say \$4 to \$6 trillion? We Congressmen like a quick headline. I know you guys don't, but help us out.

Dr. STIGLITZ. When we originally did the book, the real numbers were \$3 to \$5 trillion. The reason we chose the title \$3 trillion is not because we thought that was the most accurate number, but, at that time, if we had used one of the larger numbers, we would have lost credibility.

The interesting thing is that after—as I said in my testimony, after we came out with the number \$3 trillion, the CBO went and looked at it and the Joint Economic Committee, and they said we were basically right.

There is an interesting point here, which is that we had a little bit of a scrap with the CBO on a few numbers, actually, on these numbers that are talking about—that we have been talking about, the veterans' cost, the disability and medical costs. They said that we had overestimated those. We felt very confident that we had underestimated them.

And I don't want to crow. You shouldn't take pride in this kind of thing. But the fact was that we had underestimated them, and they had vastly underestimated those costs. If you look at those numbers there, what you see is that the revised numbers are 25 percent or more greater than our original numbers. So they are a substantial increase.

I suppose if our original book had been called "The \$3 to \$5 Trillion War," it would not have sold as well. The new book should be called "The \$4 to \$6 Trillion War and Increasing."

But I think what is clear—and we will be getting a full assemblage of numbers for a paper we will be presenting at the American Economic Association meetings in January. But what is clear from what we have already said is that the total cost is substantially higher than "The \$3 Trillion war."

Ms. BILMES. I just want to say that I am very conservative and I had strongly favored when we wrote the book calling it "The \$3 Trillion War." Because no matter which way you counted it up, if you looked at just the economic cost or just the budgetary cost, it always reached \$3 trillion. So we didn't want to add anything that could even conceivably be construed as double counting.

I think what we know now is the long-term veterans' costs are, as of now, beginning to approach the size of what we have already spent in actual combat operations, and that is the really startling thing. Because the tail of this war, the tail of all wars, is very, very long; and this tail in terms of cost is likely to be longer than others.

And we know that at least the minimum we can say is that the veterans' costs will be 25 percent higher than we had expected.

The CHAIRMAN. Every decision that we have thought about putting into legislation to help veterans of previous wars, whether it is the atomic veterans that I mentioned before, or the Agent Orange veterans, Persian Gulf War veterans illnesses, or PTSD, we cannot get money because of the PAYGO system for intelligent and thoughtful legislation. We have 250 Members on a bill to begin to adequately compensate Agent Orange victims. We are talking about 40 to 50 years ago. It scores at \$20 billion so we can't do it.

This is a disgrace that we can't even fund care for the more recent veterans because of the costs. Wherever we look, it is the same answer; it is the same barrier that we deal with.

I don't want to necessarily equate veterans' benefits with other programs like Social Security or Medicare, which have been the programs that have threatened to bankrupt us, but as you look at the VA figures, there is also an incredible impact on our budget. Senator Simpson apparently already warned us that we may not have to do as much for veterans because of the impact. It looks to me that the deferred liability is rivaling some of that—is that a fair statement.

Dr. STIGLITZ. First, let me just say the numbers are very large, as Professor Bilmes pointed out. The government's own accounting talks about a \$1.5 trillion gap, but that doesn't really include the kinds of calculations that we have just done. So it is clearly vastly conservative.

But I think I would make a very big distinction between Social Security and Medicare on the one hand and these benefits. Because, as you pointed out, Congressman, the right way to think about this is deferred compensation. This is really—they provided a service, and this is part of the contract. The contract when you go to fight in a war, you expect to get medical care and disability if you get injured. And to me it is a moral commitment. It is effectively a contractual commitment in a way that is really quite different from Medicare and Social Security. So, in my mind, putting these in the same basket, in the same framework is really the wrong way of thinking about it. They are all obligations.

The CHAIRMAN. How about just the number.

Dr. STIGLITZ. They are unfunded liabilities, and it is a very large number—it is a very large number that has been almost totally ignored. And what is so disturbing, of course, is—what we have talked about—these two relatively small wars, Afghanistan and Iraq, have increased that number by, in what we view as our moderate, realistic case, almost a trillion dollars, which to put into perspective, as Professor Bilmes pointed out, is essentially the amount we spent on operations. So that is a large amount that was not talked about when we went into this conflict.

The CHAIRMAN. I have never argued with a Nobel Laureate before. But since I have a Ph.D., I can argue with you.

Social Security to me is that contract. You pay into a system and we have a contract that you will be helped in your older years. Even with Medicare, you pay into a system, and we make a contract that we will not allow you to fall into poverty because of health care costs.

I know you are trying to make a distinction, but I think that what it does is that it shows the severity of the problem, which people are ignoring. That is all I am trying to get at. I don't think we, as a Nation, want to know the true cost. I think that is the problem here.

When I read those casualty figures every day or every week in the paper, the newspapers can talk about how many people have been admitted to the health care system—if we wanted to, we could have those figures. It is like looking at the homeless. Nobody wants to look at it. You know it is there; and if I had to think about it, it would boggle the mind. So we don't want to know. And I think the bureaucracies who are involved in this really don't want to know or want us to know.

In 2005, the VA came to the Committee and said, we are a couple billion dollars short. I asked, why? Their response was, "Oh, we didn't take into account there was a war going on." These are the folks who we are relying on for accurate information but they forgot the war was going on.

I just want to mention to my colleague, that this Veterans Trust Fund that I was mentioning that we are going to set that up the necessary funding. I tried an amendment on the last supplemental, and I am going to do it on every war bill that comes up.

I just took as an arbitrary figure that the VA budget is about one-sixth of the Defense budget. So I said, let us do a surcharge—if I can use your term, Jim—of 15 percent on every war bill and put that money into the trust fund. All our colleagues on the Armed Services Committee said, well, we can't do that. You are raising the cost of war too much.

If I may quote my grandchildren on this, "duh," that is the point, show what the real cost is. If it is 15 percent higher every year we are going to have to wrestle with how we define that.

This trust fund is sort of becoming the budget for the VA. The fund would have even more money as these costs pile up over the years. We know a trust fund is not a lock box, but I think the concept we have to stress every time is that when you vote for war, vote for those who are going to suffer in the war.

I don't see the VA doing these kinds of calculations. They have a model for how much it is going to cost in the next fiscal year, but you would think they would be thinking about these deferred liabilities. It doesn't sound like they are doing it. You recommend increasing their expertise in these fields.

Ms. BILMES. Right, right.

The CHAIRMAN. I think it is more than that, and I don't think they want to think about it, myself.

Ms. BILMES. Well, I think that the comparison to Social Security and Medicare doesn't work in terms of scale because the Social Security is so much larger, the Medicare scale than the veteran's scale. Where it does work is you are also facing a long-term deferred liability. And the quality of the actuarial function and the ability to think about these issues at Social Security and Medicare and the availability of information is just an order of magnitude higher. And what I see at the VA is a weakness. Because if we were going to go to a model with a more mandatory component,

you would need to develop that capacity to actually figure out on how to forecast.

If I could just make one other comment—to Mr. Moran’s comment around how would we fund a trust fund would we need to have a surtax—there are a number of models for funding it, but I don’t see that it would necessarily have to be funded through a war tax, although that is one option. Right now, there are no mechanisms for designated war bonds, for example. So there is no method not just for individuals but for institutional investors who could be asked by their shareholders and by Congress to step up to the plate and finance portions of a Veterans Trust Fund, for example, through a low interest—some kind of subsidized war bond that could be used to endow a Veterans Trust Fund, and there are a number of other kind of options. So I would see, given the current environment and the economy, that in terms of thinking about this idea a surtax wouldn’t be the only option.

Mr. MORAN OF VIRGINIA. If you would yield, Mr. Chairman, just a moment.

Of course, the purpose of it was not just the budgetary mechanical process of paying for it but raising the issue so that when you make this decision are you also willing to pay for the results of the decision you are about to make. And so the surcharge being a discreet funding mechanism served that benefit of being—of forcing the decision makers to calculate that into their decision-making process. So thank you.

The CHAIRMAN. Thank you, Jim.

We thank you for your testimony. The book that you wrote opened a lot of eyes. It was a great title and it helps us in shorthand to make these points and you continue to add to it.

I want your institutions to start thinking about giving tenure and promotions. You said you are going to be at the American Economic Association? Is that what it is called? If you write a paper for testimony, you should get extra credit because you are being peer reviewed right here, in my opinion. Thank you so much. You are really making a contribution to our understanding of all of these issues.

We will proceed to Panel Two.

We have with us on Panel Two—retired Major General John Batiste, retired Major General William Nash, and retired Colonel James McDonough. We thank you not only for your active-duty service but you thinking about these issues when you are retired and trying to help all of our citizens have a better quality of life.

We thank all of you for being here. General Batiste, the floor is yours.

STATEMENTS OF MAJOR GENERAL JOHN BATISTE, USA (RET.), ROCHESTER, NY; COLONEL JAMES D. MCDONOUGH, JR., USA (RET.), PRESIDENT AND CHIEF EXECUTIVE OFFICER, VETERANS’ OUTREACH CENTER OF ROCHESTER, NY; AND MAJOR GENERAL WILLIAM L. NASH, USA (RET.), WASHINGTON, DC (INDEPENDENT CONSULTANT)

STATEMENT OF MAJOR GENERAL JOHN BATISTE, USA (RET.)

General BATISTE. Thank you, sir. It is great to be here.

I am a 31-year veteran, combat veteran, first Gulf War, Bosnia, Kosovo, Iraqi Freedom, Chair of the New York State VA Commission, Board Member of the Veterans Outreach Center, Board Member of the great program called Warriors Salute. It goes on. I have a passion for veterans.

The CHAIRMAN. You are overqualified. You are dismissed.

General BATISTE. Let me be very brief. You have my comments in writing, but let me just capture the high points, what this is all about.

We are draining our Treasury in blood and dollars with little to nothing to show for. We have never had a real comprehensive national strategy to deal with global Islamic extremism or whatever you want to call it. I would recommend everyone in this room read Bob Woodward's book. It lays it out.

Our interagency process is broken. The last panel was terrific, but the 800-pound gorilla in the room is that we don't have an interagency that could develop a strategy to do anything. Let me expand on that a bit.

It is a failure of both the Bush Administration and the Obama Administration. Most people that I talk with confuse the defense strategy with a comprehensive national strategy. Don't fall into that trap. Of course, the Defense Department has a strategy. But the national strategy does not exist, no process to develop it, no trained planners in the 18 major departments and agencies to do it; and, as a consequence, there is no unity of effort, no teamwork, no base document that lays out the specified tasks to all 18 departments and agencies. Nobody is in charge, no process to balance the ends, ways, and means. And that is exactly what the last panel told you.

Why are we discussing a Veterans Trust Fund 9 years into these wars? The reason is simple. There was never an interagency process to develop the strategy with the VA at the table to figure all of that out when it should have been figured out. We might very well have decided if we had done the strategy right that the ends, ways, and means were not in balance and, therefore, this was not a good idea. That at the end of the day is the bottom line.

I would recommend that the Congress develop and do for the interagency process what the Goldwater-Nichols Act of 1986 did for the Department of Defense; and I offer that up to any Member who wants to, in my opinion, grab hold of the most important issue in our country today. And until we do that, we will never handle a Katrina right, we will never deal with an oil spill right, we will never deal with peak oil, we will never solve global Islamic extremism. We can't plan our way out of literally anything.

In conclusion, I will say again, as I have said many times, that how we treat our veterans defines our national character. In my view, based on my position—my observation within New York State and the country that we collectively get a failing grade. There is no synergy between Federal, State, county, and community-based organizations and efforts that are ongoing.

There are a million vets in New York State. Most of those are not being served. Their needs are absolutely not being met. Three hundred thousand Vietnam vets in New York State that are trying to deal with the 19 presumptive illnesses of Agent Orange. They

are going nowhere. There are 80 to 90,000 Iraqi and Afghanistan War vets in New York State.

I could sit here for days and give you examples of how these young soldiers, men and women, are being let down by you and I. I won't do that to you.

But someone has stated that we are living in a sea of goodwill. I believe that is the case with all the people that I talk with. But there is—let me be very clear here. There is a huge difference between sending care packages from being fully committed to doing the right thing for veterans for as long as it takes.

Sir, thank you.

[The prepared statement of General Batiste appears on p. 53.]

The CHAIRMAN. Thank you so much. Can you, by the way, define the Goldwater-Nichols Act?

General BATISTE. The Goldwater-Nichols Act of 1986 took a dysfunctional Department of Defense, an Army, a Navy, a Marine Corps and an Air Force, all of these organizations working at odds against each other in a stovepipe organization and did so much to bring that team together, created the position of the Chairman of the Joint Chiefs, the Joint Staff, and today the services act like a team. There is unity of effort.

I have served on the Joint Staff. Others in the room have as well. It works.

The interagency process, on the other hand, needs this solution very quickly. And, again, it goes well beyond taking care of veterans. This is about doing the right thing for our country right now. The past Administration and the current Administration have not fixed it. It is a serious problem. And until we fix it, we are going to continue to meander. If you don't know where you are going, any road will get you there.

The CHAIRMAN. You just sped up my retirement from Congress for many years. Thank you, sir.

General Nash.

General NASH. Mr. Chairman, with your permission we should ask Colonel McDonough to speak first.

The CHAIRMAN. Okay, Colonel McDonough.

**STATEMENT OF COLONEL JAMES D. MCDONOUGH, JR., USA
(RET.)**

Colonel MCDONOUGH. Chairwoman Filner and Members of the Committee, I would like to thank you for the opportunity to appear before you today to discuss the true cost of war and its impact on veterans and their families, which is where I will spend my time.

The truth about caring for veterans and their families in this country is that, for the vast majority, it is a luck of the draw proposition, determined largely by one's geographic location and proximity to advocacy and resources that define success or failure as a veteran. Some will draw the card needed at precisely the right moment, and others will not. Some veterans will get help, and other veterans will not. The best we hope for as veterans to find an advocate who can help teach us what it means to become a veteran of our Armed Forces. I say this confidently after serving 26 years in the active Army, becoming a veteran and serving the past 3 years as Director of New York State's Division of Veterans Affairs.

The true cost of war in some part can be tracked by our country's willingness to consent to sending young men and women into battle. If willing to spend it all, citizens, through their elected representatives, provide their consent in return for the understanding that the Nation will be behind each and every warrior and their family as they head into battle. The Nation will provide for their every need if the circumstances demand, because we ask so much of each of them. This construct is fundamental to the American warrior, but I question whether it is shared by all in this country.

The sea of goodwill referred to by General Batiste during this morning's testimony before Congress is a phrase used by some in the Pentagon to describe and characterize how America views its support towards our veterans and their families, including me and mine. As the leader now of the Nation's oldest nonprofit for veterans and their families, I question such claims that a galvanized effort is under way in this country behind its veterans and its families.

From my perspective, our citizenry is indeed supportive of sending young Americans into battle. We have their consent to do so. But little to nothing is understood about their actual needs upon returning from battle and reintegration back into the very community from which they departed.

One reason for is that our country lacks a coherent national strategy, such as General Batiste described, to not only go to war but to come home and care for those who fought these wars as well. And while I believe it is in our country's best interest to foster that sea of goodwill around caring for veterans and their families, only ponds and lakes currently exist across this country unconnected by a coordinating tributary, linking river, or supporting stream. These separate and distinct efforts spring up daily but lack context, fit, and perspective, often leaving veterans and their families only to recognize and receive a fraction of their earned benefits or access to health care and services to support their reintegration. There is no sea in the sea of goodwill, only disjointed smaller bodies of water, which serve a minority of our veterans and their families and very poorly at that.

So how do we improve upon that? Point one, start leveraging community-based private-sector providers to provide better care for veterans and their families. At the end of the day, what we want is barrier-free access to services and our families included to address the aftermath of war.

On any given day in America, only a minority of returning veterans actually use VA services, leaving a majority of returning veterans and their families somewhere outside the VA's portfolio of services and benefits. And, remember, these are benefits and services they have earned due to volunteer active service in the United States Armed Forces.

So the first thing to reckon with in creating the conditions necessary for a sea of goodwill to exist in this country is that our system designed to care for veterans, the VA, the Department of Veterans Affairs, must be more inclusive to capture the majority versus the minority of veterans. To reach the majority of returning veterans not using their service, the VA must include community-based providers as part of a more coherent delivery network, pri-

vate providers supported by the VA and working alongside public providers to deliver barrier-free and high-quality veterans' services, benefits, and programs.

The place to start is with our families, since that is where the VA is not charged with any responsibility outside its veterans' centers. To think for a moment that you can somehow effectively treat the veteran absent his or her family where residual harm and damage lingers fails to understand one of the true costs of these wars, namely, that our families, spouses, and children have become casualties as well. So to understand the true cost of war, the system in place to care for veterans and their families must work to account for and include all of us who have served and our families.

How this country supports a system of care for a minority of veterans at the expense of the majority is something we all need to understand in order to advocate for change. In our community-based counseling center, Veterans Outreach Center in Rochester New York, we see on average 53 new veterans and family members every month; and that statistic is repeated in community-based clinics and counseling centers across this country outside of the VA.

Our housing services, which consist of emergency, transitional, supportive, and independent living for homeless veterans, operates at capacity, 28 units every month. We have a waiting list just to get in. Folks can stay with us for up to 2 years.

Twenty-five percent of our census today is comprised of veterans who have served in Afghanistan, Iraq, or both, which brings me to my second point. The true cost of these wars must include the sum cost of underwriting a troubled force. A 350-page report issued in July after a 15-month investigation into the Army's rising suicide rate found that levels of illegal drug use and criminal activity had reached record highs, while the number of disciplinary actions and forced discharges were at record lows. The result the Army found is that drug and alcohol abuse is a significant health problem in the Army.

Where the Army once rigidly enforced rules on drug use, it got sloppy in the rush to get soldiers ready for the battlefield. From 2001 to 2009, only 70 percent of DUIs (driving under the influence) and 61 percent of positive drug tests were referred to the Army's substance-abuse program, and drug testing became haphazard. In 2009, 78,517 soldiers went untested for illegal drugs. Statistically, the Army estimated that 1,311 offenders probably escaped detection. "Where did they go," said General Chiarelli, Vice Chief of Staff of the Army.

We have kids that are going to have some behavioral health issues. The real hard part for to us determine, okay, I am willing to help this kid, but how long can I help him? These troubled kids have since separated and are now veterans and are back in every community in this country. As I stated a moment ago, they make up 25 percent of the homeless veterans we serve every day in upstate New York.

Why, if we are the greatest country in the world, the one that prides itself on reminding others it cares for those that serve, do we continually pour good money down bad holes and experience the same substandard level of care we have come to almost expect as veterans? Has it become that bad that our expectation as veterans

is to be cared for poorly? Could a national strategy help? Certainly it can't hurt, just as legislation to create a Veterans Trust Fund can't either.

An up-front investment to be made prior to going to war serves to remind everyone that the true cost of war is calculated differently, that human factors, families, children, spouses, veterans actually have real value and their care must be accounted for to receive our Nation's true consent to wage war. If America paused for only a moment to count the true cost, it might just not like the price tag associated with their consent. As a veteran and now someone who cares for veterans and their families in a community setting, perhaps the cost of obtaining the Nation's consent is the greatest cost to be calculated beforehand.

Chairman Filner, I appreciate the opportunity to speak before you today. Thank you. This completes my statement. I will be happy to answer any questions you may have.

[The prepared statement of Colonel McDonough appears on p. 54.]

The CHAIRMAN. Thank you so much.
General Nash.

**STATEMENT OF MAJOR GENERAL WILLIAM L. NASH, USA
(RET.)**

General NASH. Thank you, Mr. Chairman. If it is okay with you, I would like to submit my statement for the record and just make a few comments here.

The CHAIRMAN. That will be done. Thank you.

General NASH. Sir, I begin with thanks, thanks to you and thanks to the Committee for your concern for veterans and their families.

I also want to say that I could not be happier with our Secretary of Veterans Affairs. I think General Shinseki, who is an old friend, has taken on a very hard job and needs all of the help you and I can give him. And I would thank him for his service, and I would encourage us all to help him push those rocks up the hill.

In the early 1980s, sir, I was a young commander in Germany and worked for a division commander. He used to distinguish between the love of soldiers and the care for soldiers. And he said that a lot of people like to pound the table and talk about how much they love soldiers, but some of those same professionals failed to understand what it took to care for soldiers, to equip them, to train them, to feed them, to pay them, to house them.

The same battalion commander that would make eloquent speeches about love of soldiers didn't understand how his personnel administration center worked and, therefore, the promotion system for the young soldiers was inefficient and inadequate to meet the aspirations of the individual soldier and needs of the Army for people to be promoted. And my commanding General would talk about the fact that to achieve care for soldiers you needed expertise and systems, you needed resources to make those systems operate, and you needed great energy to bring it all together.

So as I look at what has been described this morning as a sea of goodwill, whether it be yellow ribbons or bumper stickers or standing ovations at baseball games or even fourth of July speech-

es, I hear a lot of love, but they don't do the job of taking care of the veteran and his family. That, too, requires expertise, resources, and energy.

The earlier panel talked about the contract that we have with those soldiers, sailors, airmen, and Marines. I would point out to you, sir, that that contract is an unlimited liability contract that the servicemember signs. It is cosigned by their spouses and their family members and their friends. We, as a Nation, having chosen to have an all-volunteer force, we must underwrite those contracts to full value.

We have talked a lot this morning about our failure to anticipate requirements and to prudently prepare for those consequences. Others more knowledgeable, more articulate than I have talked about it to great detail. You, Mr. Chairman, have recognized the fatally flawed system of processing claims and appeals; and I would just say that the bottom line is the need for expertise, resources, and energy.

As to resources, I think the conversation about a forced-savings program for veterans is sound. The Veterans Trust Fund is an idea that I think is desperately needed.

But I think also we need to look at this issue with a broader perspective beyond the Veterans Administration. We have decided as a Nation to have that volunteer force, Active and Reserve, and I think we need to understand that, while their commitment is unlimited in scope, we, too, must examine the entire package of pay and benefits that we as citizens are willing to spend in order to recruit, train, and reward the small group of people, less than one percent of our population, that go in harm's way.

I think we need—as we are examining the true cost of the war, we need to have a better understanding of the true cost of the all-volunteer force. I, too, was privileged to serve over 30 years with the dedicated public servants. I have looked soldiers in the eye and given them the direct order to face battle and its horrible consequence. But I was able to do that because I knew that they were trained, equipped, and would be cared for and supported. We were individually and collectively very capable. We would leave no one behind. So must our Nation. We care for those who serve now and forever.

Mr. Chairman, I look you in the eye and say that we must do even more to promote the necessary care through the development of expertise, the allocation of resources, and the great, great energy that is necessary to take care of those who serve us.

I thank you very much; and, again, I appreciate your working on behalf of the veterans.

[The prepared statement of General Nash appears on p. 57.]

The CHAIRMAN. Thank you all so much. With your background and expertise, I think you have given us a framework to look at a lot of things that we observe all the time, but you have put it all into a framework that leads to a better understanding.

As I listened to you and read your testimony, these come into conflict with the bureaucratic dynamic that sort of works—as individuals—with the 250,000 people that make up the VA. Most of them—almost everyone is committed to veterans. They want to do a good job. They work hard.

Yet the institution becomes something different. Many of our veterans think VA means "veterans adversary," because they are constantly fighting with the VA. The turf wars that have made the kind of approach you are looking at, General Batiste, is very difficult. How do we break through that bureaucracy?

You said some kind words about Secretary General Shinseki. I thought that he would be able to impose more change some stuff on the bureaucracy. However, it looks like it is working the other way, from my observations. In the Army when he says something, it gets carried out. In a bureaucracy, who knows? Besides the people who have to tell you it has been carried out.

I will just give you one example of how I had asked General Shinseki this in his first meeting, his first appearance here on the Committee. I asked him about suicide coordinators that were supposed to be in place and I have been told there is a suicide coordinator at every hospital. I am only a private and you are a general, but let me tell you that you have to look beneath what you just heard or what you have been told. The janitor who has a 10-percent suicide coordinator job title by his name is probably at some hospital or there is a half-time person someone untrained. You have to go beyond what you hear. If that was his Army staff telling him, he could rely on it. But I don't think he can rely on it with the bureaucracy here.

How do you get through that to get to some of the issues you are talking about?

General NASH. I know General Batiste will have some comments on this as well, but I would just start out the response is that 2 years is a very short time when you are trying to overcome years and years of less than brilliant management. And the key to it, in my view, is not unlike the approach the services are taking with the emphasis on professional development of your workforce in parallel with your day-to-day working.

We send off Army officers to school all the time. We take them out of the operating force, which is more and more difficult when you are fighting the wars we have been fighting for the last 9 years. Even in World War II, we took people out of the force for purposes of education. In enduring times of peace, we did it even more so.

So if you don't set up a system to develop your workforce, you are never going to get better. You are going to keep fighting the same battles day in and day out and, as administrations change, all too many people turn over. And so the professional force has to be developed in such a manner that it provides the continuity. So when the Secretary of Veterans Affairs gives an order, there is a reasonable expectation it will be carried out uniformly throughout the force.

Now, General Shinseki can tell you stories about having those problems when he was Chief of Staff of the Army. It wasn't quite as uniform as we all might believe. But I think that is very important.

And the number two thing is I do think we have to look at some of our personnel, civilian personnel regulations that allow a lack of expertise to succeed.

The CHAIRMAN. General.

General BATISTE. I agree with General Nash.

I also think that the VA is a very small cog in a huge bureaucracy, a bureaucracy that is not defined by teamwork and, as I discussed earlier, that it is without process. That bureaucracy, as huge as it is, can be reorganized. It will probably take something like a Goldwater-Nichols Act to do for that process interagency as it did for the Department of Defense back in 1986.

Most in this room don't even know what I am talking about, because that is so long ago. We all need to go back and read about that and see what happened and what it did.

But that bureaucracy desperately needs process, it needs training, it needs trained planners and every single department to include the VA and State Department and the Department of the Treasury or whatever, fill in the blank. Responsibilities need to be defined. Somebody needs to be in charge. It is not the President today.

We need organization. We need to be able to issue orders to the departments and agencies of our governments and have the expectation that they will do what they are told. And that is absolutely doable. It is possible. Plans developed, plans resourced, and then follow through to make sure people do what they are told to do.

I think we are at a tipping point in our country, as I said earlier. If we don't fix this, we will never be able to respond to a natural disaster. We have some real problems in front of us, and right now I would say that this government is disorganized, not focused. I, as a citizen, am looking for unity of effort, teamwork, and a commonality in what we are setting out to accomplish.

The CHAIRMAN. Thank you, sir.

Colonel MCDONOUGH. I am going to take a slightly different approach. While I agree with both General Nash and General Batiste, I think you have to start with the underlying principle at work here. The Department of Veterans Affairs, as one of our largest departments in Federal Government, exists to serve a minority of veterans and their families. The overwhelming majority are not being seen within the tent of the Department of Veterans Affairs, especially when you add families to that.

We are out in our communities pursuing whatever it is we are pursuing, gaining access to health care, counseling, benefits. We are doing all of that as a majority in this country out in a community setting. So when you look at the structure, I really think that what you need to look at is, is it performing where it needs to perform.

What I mean by that is when the Department of Defense looked at aging infrastructure, it BRAC'd (Base Realignment and Closure) those type of things that were underserving and no longer needed. As the defense strategy changed, so, too, did where we base troops.

If you go to some of our aging VA facilities around New York State, you are going to walk away with a conclusion that they are in the wrong spot serving a handful of veterans, whereas in communities where there are a good number of veterans, they are not.

So where they are not, how do you take care of veterans and their families? And that is what I mean by leveraging community partners. Involve them in the process.

It is a big tent. The VA is one of those lakes I refer to in my testimony. It is not the sea itself. There are many players that go to work every day to care for veterans and their families. And when you look at the system as a system you understand that it exists only to care for and service the minority of veterans that we are all talking about today. The overwhelming majority are outside the tent. We are out in communities pursuing our livelihood, through private physicians, through self-pay.

There is a way to include that by making sure that the system is more comprehensive and looking at the architecture of the system and saying where it isn't working anymore, where it is under-serving there is probably a better way to do it and move those resources where they are needed.

General NASH. Sir, if I could just add, that is a very important point. If you are ever asked the solution to the problem to care for veterans and their families, whether it should be a top-down or a bottom's-up approach, the answer is yes. Because it has to be both of those methods used.

The CHAIRMAN. Well, thank you all for your optimistic appraisal of the situation. I agree it is doable. It is just a massive situation, and have to confront it as a Nation.

As I listened to you and some of the political streams that are going on in our country today I think it may be a reaction to focus, purpose, and unity, the lack of direction. People get angry and they don't know what they are angry about, but they don't see the system working for them. And I think you all have helped us understand that a little bit better. Hopefully, we can respond in my lifetime to your concerns. Thank you so much for helping us understand this better.

Panel Three can come forward.

Joining us on Panel Three is Paul Sullivan, the Executive Director for Veterans for Common Sense (VCS); Lorrie Knight-Major, mother of a soldier from Silver Spring, Maryland; Corey Gibson, a veteran from Terre Haute, Indiana; and retired Lieutenant Colonel Donna Van Derveer from Ashville, Alabama.

We thank all of you for being here today. If you have written testimony, it will be made part of the record.

You may have the floor, Mr. Sullivan. Thank you again for being here.

STATEMENTS OF PAUL SULLIVAN, EXECUTIVE DIRECTOR, VETERANS FOR COMMON SENSE; LORRIE KNIGHT-MAJOR, SILVER SPRING, MD (MOTHER OF VETERAN); COREY GIBSON, TERRE HAUTE, IN (VETERAN); AND LIEUTENANT COLONEL DONNA R. VAN DERVEER, USA (RET.), ASHVILLE, AL (VETERAN)

STATEMENT OF PAUL SULLIVAN

Mr. SULLIVAN. Good morning. Veterans for Common Sense thanks Chairman Filner for inviting us to testify today about the true cost of war.

Allow me to begin with a poignant quote by Jose Narosky, "In war, there are no unwounded soldiers."

Mr. Chairman, we are here today because, in 2005, the VA faced a multibillion dollar budget shortfall because of the flood of Iraq and Afghanistan War veteran patients. Similarly, in 2007, DoD faced a national scandal at Walter Reed because it lacked planning and staff to handle battlefield casualties.

Another very high and tragic price of our Nation's failure to plan for our returning veterans can be seen in the skyrocketing suicide rate among our servicemembers and our veterans. Sadly, as you mentioned, new records are set each year.

Our comments today about the true cost of war have three parts. First, we will talk about VA and DoD statistics; second, we will state our support for a new veteran benefit trust fund; and, third, we will urge Congress to give the current wars meaning for our servicemembers and veterans.

First, here are the facts. Using the Freedom of Information Act, Veterans for Common Sense asked the military to tell us how many servicemembers have gone to the two wars; and the number is about 2.2 million. The Department of Veterans Affairs has treated 565,000 Iraq and Afghanistan War veteran patients at VA medical facilities.

I ask you to look at the chart that we brought on the left over there, the first one, veteran patients treated by VA. As we can see, we loaded all of the data and it shows a sharp rise. And this information was provided to Professor Bilmes and Professor Stiglitz for their great work and ground-breaking effort to find out the cost.

The one thing that is most surprising is that the numbers keep rising at the same rate, even though there are comments that the wars are deescalating and troops are coming back. Mr. Chairman, VA averages about 9,000 new patients each month. VCS estimates the count of VA patients today is about 619,000. By the end of 2014, VCS estimates a total of one million new war veteran patients treated by VA. These counts of patients exclude veterans treated at military facilities and it excludes veterans treated by private care.

On another subject, the VA has received 513,000 disability claims from Iraq and Afghanistan War veterans. Again, we have a chart over to my left, and it shows a very steep sharp rise in the number of claims from Iraq and Afghanistan veterans, and that rate of claims is higher than initially projected by Professor Bilmes and Stiglitz showing that their estimates were conservative. At the end of 2014, VCS estimates VA will receive about one million total claims from Iraq and Afghanistan War veterans.

Switching to the Department of Defense, the military has reported 5,670 U.S. servicemember deaths in the Iraq and Afghanistan War zones. A total of 91,384 U.S. servicemembers were wounded or were medically evacuated due to injuries or illnesses. The grand total of U.S. battlefield casualties is more than 97,000.

Here are two important facts. You were looking for headlines, Mr. Chairman. There are 100 new first-time veteran patients treated at VA for each battlefield death reported by the military. A second bullet point, there is one new VA patient every 5 minutes from these two wars.

VCS is here today to endorse the proposal by Professor Linda Bilmes and Professor Joseph Stiglitz to create a veteran benefit

trust fund to make sure our veterans receive the health care and benefits they need and earned.

In their book, “The \$3 Trillion War: The True Cost of the Iraq Conflict,” the experts wrote, and I quote: “There are always pressures to cut unfunded entitlements. So when new military recruits are hired, the money required to fund future health care and disability benefits should be set aside, ‘lock-boxed,’ in a new veterans’ benefit trust fund. We require private employers to do this. We should require the Armed Forces to do it as well. This would mean, of course, that when we go to war we have to set aside far larger amounts for future health care and disability costs as these will inevitably rise significantly during and after any conflict,” unquote.

VCS agrees with the experts’ logical proposal. If we don’t prepare for our veterans, then our Nation may see more troubling news such as more suicides. According to testimony today by Professor Bilmes and Professor Stiglitz, the financial cost for health care and disability payments may be as high as \$1 trillion.

VA has made many impressive improvements in personnel, budgeting, and policies in the last 20 months, much of it thanks to the efforts of this Committee. VCS encourages Congress, VA, and DoD to learn lessons from past mistakes. VCS urges Congress to mandate national monitoring and planning for the return of our servicemembers.

A national plan must also include fully funding all needed health care and benefits. We must honor and remember our fallen, and that is our last message.

Archibald MacLeish, a World War I veteran and former head of the Library of Congress, wrote in a poem: “They say we leave you our deaths. Give them their meaning. Give them an end to the war and a true peace. Give them a victory that ends the war and a peace afterwards. Give them their meaning.”

VCS asks Congress to give meaning to our Nation’s fallen, wounded, injured, and ill who deployed to war. Our Nation must learn the painful lessons from prior wars and take care of our veterans who are protected and defended our Constitution, even when the American public does not support the war or when the war was started with misleading claims.

We close with two powerful messages, Mr. Chairman.

First, as of today, Veterans for Common Sense estimates our Nation currently has as many as 619,000 Iraq and Afghanistan War veteran patients, plus a similar number of disability claims. VA can reasonably expect one million claims in patients by the end of 2014 if the trends continue.

And, second, our Nation has no strategic plan to identify, monitor, treat, and compensate those veterans. We ask you, please, fix that today by introducing and passing legislation to create a veteran benefit trust fund.

Thank you, Mr. Chairman.

[The prepared statement of Mr. Sullivan appears on p. 58.]

The CHAIRMAN. Thank you, Mr. Sullivan.

Please, Ms. Knight-Major.

STATEMENT OF LORRIE KNIGHT-MAJOR

Ms. KNIGHT-MAJOR. Good morning, Mr. Chairman and Members of the Committee. The following details a significant role that the nonprofit organizations in the communities have played in helping my injured soldier regain his independence.

My name is Lorrie Knight-Major, and please correct the record. I am not a veteran. I am the mother of Ryan Major, Army Sergeant retired.

On November 5, 2003, Ryan enlisted into the United States Army for a 3-year term. He was stop loss'd. On November 10, 2006, 5 days after his original discharge date, Ryan was critically wounded as a result of an improvised explosive device blast while on a mission with his unit in Ramadi. As a result of the blast, Ryan sustained multiple massive injury, including both legs were amputated above the knee, both arms were broken with multiple fractures, extensive peritoneum injuries, severe right pelvic fracture, traumatic brain injury, and post-traumatic stress disorder.

Ryan reached Walter Reed within 4 days of the injury and underwent multiple surgeries over the course of 6 weeks. Ryan was then transferred to R. Adams Cowley Shock Trauma Center at the University of Maryland Medical Center, where he stayed for 1 month. Then Ryan was transferred to the National Rehabilitation Hospital (NRH), where he spent the next 7 months.

But getting Ryan into NRH wasn't easy because he was an enlisted soldier. Before going to NRH, we were given four options of VA polytrauma hospitals in the U.S., but none were close to home. Ryan's transfer to any of them would have required me to travel out of State and live for many months far from home without social support and away from my job while leaving my minor child at home. This was not an option for our family.

Our veterans should have access to regional trauma hospitals and nationally recognized rehabilitation facilities that possess expertise on polytrauma that are located near their homes. Most families of severely injured soldiers travel across State lines and live in hospitals, motels, and hotels rooms to be near their injured soldiers for many months, placing additional burdens on an already emotionally fraught time period.

Once it appeared very likely that Ryan would survive, I started to plan for his return home. Because of the wheelchair, major structural changes to our house were needed to accommodate him. Two separate architects examined our home and determined that we needed an elevator. Through the VA, there are three grants available for constructing an adapted home or modifying an existing home. To qualify for the maximum funding through these grants, veterans have to own the home. Up to half of the injured soldiers are single, and they return home to live with their parents, other family members or friends. Therefore, access to funding through the VA is limited to \$14,000 for work done on someone else's home where the veteran will live.

This wasn't available for us when Ryan came home in 2007.

Fortunately, by word of mouth, I was informed about Rebuilding Together, a national nonprofit organization that provides home rehabilitation and modification services to homeowners in need. In 2005, Rebuilding Together launched its Veterans Housing Program

to address the needs of soldiers returning from Iraq and Afghanistan.

The work done to our home included an elevator, the conversion of our first-floor family room into Ryan's bedroom with an accessible bathroom, a new deck addition for his egress, a new separate central air and heating system for his bedroom, and an in-ground generator for emergency purposes and escape. The value of these renovations is estimated at \$150,000. Rebuilding Together made it possible for me to bring my soldier home. If we would have had access to the VA grant money, there still would have been a \$100,000 deficit.

Rebuilding Together's housing program has rehabilitated and modified the homes of 725 veterans and 25 veterans' centers, with a market value exceeding \$12 million. If these services had not been provided, all of these veterans would not have the quality of life they now enjoy, since the VA does not fully accommodate all of their needs through its grant programs.

Ryan also received an IBOT wheelchair from another nonprofit organization, the Independence Fund. This chair can climb stairs and rises in the air, raising the seat height. Independence Fund has donated 20 IBOTs to wounded soldiers and veterans, totaling \$500,000. Again, the VA did not have the ability to provide Ryan with this level of specialized equipment.

Ryan also received a service dog named Theodore from Paws for Liberty. Theodore is a 3-year-old Belgian shepherd and has truly made the biggest impact on Ryan's independence. Theodore helps Ryan with retrieving dropped items, helps him navigate crowded areas, and helps relieve and mitigate his PTSD symptoms. These dogs cost, on average, \$15,000 to \$20,000 to train—again, a resource not offered to Ryan by the VA.

I have had to reach outside the system and rely on the nonprofit community for assistance throughout this ordeal. As Congressman Moran stated earlier, the costs have to be picked up. In my 4-year experience, it is being picked up by the nonprofits and families. We are the ones that are bearing this cost. This support should be provided by the government.

It has been the nonprofits that have provided Ryan with the resources for him to live at home with his family, take charge of his own care, and allow him to feel safe and sleep at night. In light of this, there should be better collaboration between the Department of Defense, the VA, and nonprofit organizations.

Navigating the complex maze of treatment options and benefits is a job in and of itself. As a result of caring for Ryan and the emotional toll it has taken on our family, I had to leave my job to provide the necessary level of medical care and advocacy that my son required. This led to significant financial hardship. Families should not have to sacrifice and bear the burden of advocacy and compromise their own financial stability and wellness to ensure that their soldiers receive the appropriate and necessary services from the government.

I do recognize that progress has been made in the caring of our injured soldiers. We still have a ways to go. Here are the things that I would recommend to improve the lives of wounded warriors and veterans: increase the amount of the VA housing grant; estab-

lish a competitive fund for national housing organizations to compete for housing dollars to better enable them to provide housing modifications for veterans; service dogs are made available by the VA to veterans with service-connected disabilities, as are done with guide dogs; increase the VA automobile grant; increasing the number of authorized electric wheelchairs based on a veteran's changing needs; mandatory vocational rehabilitation assessments conducted before a veteran with service-connected disabilities separates from the military; and authorize a clothing allowance that is available for veterans to be available to servicemembers with similar injuries and conditions.

As a mother, here are a few things that I would recommend that would have made my life easier if they were in place: health insurance allowance for myself and my minor son; non-medical attendant allowance that is provided by the DoD to caregivers of veterans who receive medical care greater than 50 miles from their residence. Since I live within the 50-mile radius, I didn't qualify for the DoD benefit, but the VA could have filled the gap.

As an observer with a window seat, here are my recommendations for the providers of care: allow private providers and facilities to fill in the gaps when a VA facility is not in the veterans' community; improve communication between all of the providers, regardless if it is the VA, DoD, or the private sector; and, thirdly, require a pain team and infectious disease specialist as part of the multidisciplinary team approach for severely injured soldiers.

I ask this Congress to not only honor this country's solemn oath to care for our veterans, but I urge you to work towards the United States being proactive in making funding available for our wounded soldiers and veterans. If the United States can set aside funds for an unexpected oil spill, surely it can put aside monies at the time a war is authorized to take care of our military that continues to take care of us, preserving our freedom.

We owe a tremendous debt to our veterans for their services and their families' services and sacrifices. So I ask, if the nonprofit organizations had not provided assistance, would it have been acceptable to the government for my son to have been placed in a nursing home? Would it have been acceptable to the government for my son to have lived isolated in a basement because he didn't have a means of accessing the main areas of the house? Would it have been acceptable for my son to require sleep medications or someone to be in his room nightly for him to sleep? Is this what the government considers to be the cost of the war?

Again, thank you, Mr. Chairman, for the opportunity of sharing my personal experience.

[The prepared statement of Ms. Knight-Major appears on p. 64.]

The CHAIRMAN. Thank you so much. I know that it is not easy to talk about these things, but we appreciate you sharing that with us.

Mr. Gibson.

STATEMENT OF COREY GIBSON

Mr. GIBSON. Good morning, and thank you, Mr. Chairman. My name is Corey Gibson, and I am a combat veteran from the Operation Iraqi Freedom campaign. I am here before you today as a col-

lective voice for veterans nationwide. While this may be my individualized account, the issues and concerns within my time with you are pervasive.

You all trained me how to fight, how not to turn in the face of an enemy, and how to watch out for the better interest of my brothers and sisters in arms. Regardless of my daily struggles with post-traumatic stress disorder, traumatic brain injury, and other diagnoses, don't think that the training I received calls for me to stop fighting now.

On September 23rd, Michelle Obama stated that veterans and spouses need support by local employers everywhere. I am sorry we can't get Stephen Colbert here to help highlight problems with veterans' health care and benefits. Could we send him into combat, where he will be forced to make the decision of kill or be killed in defense of his country, only to come back to a life of physical and mental disabilities so that we can have his input? He stated he likes to help people who don't have any power but are needed by the American people, and I think that is exactly what many of us veterans feel that we are. Where is our celebrity?

I was honorably discharged in October 2004 after being part of the initial surge into Iraq as a triage medic for the 555th Forward Surgical Team. I was exposed to things on a daily basis that will haunt my memories until my dying day. I am proud of the opportunity I had to defend my country, but only those who went before me, after me, and stood beside me know what that means.

Truthfully, I should be a statistic, one of the many faceless veterans who are homeless or worse. I tried to integrate myself into a VA system, my local VA system, because I wanted to try and utilize my benefits, but also to help create a positive reintegration process at my local VA for those who were bound to follow me.

I had voiced my complaints about back, neck, and shoulder issues that the Army did not investigate further. My complaints fell on deaf ears, as it took me 6 years to get an MRI and have the spinal issues that I have documented in my record. I took, at the beginning of this year, my own resources to fly to San Diego twice a month to get a specialist to start the process of a claim, because my own local VA ignored my complaints.

I have had my personal information potentially leaked on a laptop that went missing from the VA and received merely an "Oops" letter. I have been made aware, after an endoscopy procedure, that I may have to come back in for blood tests for hepatitis C or HIV because of improper equipment sterilization within the VA.

If any of these things had happened in any other health care facility, I would be sitting here a wealthy man, and there would be many out of jobs due to negligence. But because we are veterans, we are subject to deal with the worst our Nation has to offer and are expected to be satisfied with that. Why? Why is it all too often minimized and eventually swept under the rug with no major changes?

The rate of veterans committing suicide is astronomical. Statistics have shown that, last year, more than 125 veterans from the Operation Iraqi Freedom and Operation Enduring Freedom con-

flicts committed suicide every week. We have lost more soldiers here at home than in-country engaged in combat.

Mental health services are paramount for our returning combatants. My interview, upon returning from Iraq, to decipher whether I needed mental health services or not was to be marched into a gym, separated from my family by a piece of glass, and asked if I wanted to see my family or do I feel that I need to talk to someone about my feelings at this time.

Within the VA system, an individual veteran's appeal for benefits can take up to 5 years. A reevaluation after a rating has already been established comes every 3. Why is it that it seems the system is more proactive in taking things away from veterans than reaching those in need?

It is not just the people who serve, but it is the collateral damage destroying the lives of our loved ones who watch us struggle on a day-to-day basis and our inability to maintain relationships with those people because we do have unaddressed issues.

My fiancée and I have discussed that, if we were to have a child before we got married, she would get more benefits toward her education than if she were just the spouse of a disabled veteran. Organizations such as Veterans of Modern Warfare, Vets 4 Vets, and the Coming Home Project are stepping up to fill the void of the VA's shortcomings. Should they have to do this?

On the tablet Lady Liberty holds, there is a sonnet, and that sonnet ends with, "Give me your tired, your poor, your huddled masses yearning to breathe free, the wretched refuse of your teeming shore. Send these, the homeless, tempest-tost to me. I lift my lamp beside the golden door." Why is it that we veterans are outside that golden door, standing under overpasses begging for a few pieces of copper?

I couldn't be prouder to call myself a veteran of the United States military that joins me with a collective that is made up of some of the best our Nation has to offer. The ultimate fear for me and several of my veteran friends is that you have invited a veteran in to speak his compelling story and shine a light on the truth and it be dismissed. I am not here to simply complain, but I am here to point out the fallacies within the VA system. But, ultimately, it is up to you to take an action to fix this ongoing problem.

I will end with this quick story. On my deployment, in the heat of battle, we took the most severely wounded as a life-saving measure. One of those was a Marine who came to us with his entire leg, from the hip down, looking like hamburger. I remember his words to me as he pleaded, "Doc, do whatever you have to do, tie a stick to it if you have to, but get me back in the fight because my guys need me." How dare we offer this population anything less than our best. So I ask you to please do something.

It is the unforeseen cost of the human toll war which beckons for a 21st-century veterans fund. This fund, if enacted, would mandate Congress to live up to its national obligation to acknowledge that caring for veterans is and must be a continuing cost of the national defense.

[The prepared statement of Mr. Gibson appears on p. 68.]

The CHAIRMAN. Thank you, sir.

Colonel Van Derveer.

**STATEMENT OF LIEUTENANT COLONEL DONNA R. VAN
DERVEER, USA (RET.)**

Colonel VAN DERVEER. Thank you, Chairman, for allowing me to speak today.

Good morning, ladies and gentlemen and distinguished Committee Members. My name is Lieutenant Colonel Donna R. Van Derveer, retired. I am originally from Washington, DC, but currently reside in Ashville, Alabama.

I am honored to say I have served 29 years in the Army and Army Reserve as a military police officer and served my country with great pride and distinction. I served in Iraq as the anti-terrorism/force protection chief for Multinational Corps-Iraq from August 2004 through January 2005. During my tour, I faced numerous rocket attacks and barely escaped with my life after a small arms round came through my trailer.

Upon returning from Iraq, I experienced increasing issues with sleep disturbance, nightmares, depression, memory loss, irritation, anger, and an inability to concentrate and multitask. I knew that I had a serious problem but feared that my security clearance and career would be impacted by seeking help. I did receive surgery on my right knee that I injured in Iraq.

In 2006, I served as an action officer for J8, Protection Assistant Division, Joint Staff, Pentagon. During this tour, I eventually sought help through Defense Stress Management. Even with counseling, I was unable to manage my stress and give 100 percent to my position. I requested early release from my tour.

After delay, denial of medical treatment, abusive counseling sessions, being relieved of duty, suspension of my security clearance, and a 4-day stay in Ward 54 at Walter Reed Army Medical Center as a civilian in non-duty status, I finally received help. On September 27, 2007, I was put on Medical Retention Processing 2 orders and attached to the Warrior Transition Brigade at Walter Reed.

The 2 years, 4 months spent at Walter Reed was no less challenging than what I had already faced. The issue of improper diagnosis impacted my care. My psychiatrist placed an erroneous entry in my medical records, causing a delay of proper care for PTSD for over a year. This error impacted my Medical Evaluation Board/Physical Evaluation Board, MEB/PEB, thereby reflecting PTSD as "existed prior to service." I was forced to prove my service and incident occurred in Iraq, since females are considered non-combatants even in a combat zone.

The MEB/PEB process was excruciating for me. From my experience, I see the purpose of the DES pilot program is to expedite the process to save the Army money rather than provide for the soldier's disability compensation and wellbeing.

I received 50 percent disability from the Army for PTSD and 90 percent from the VA for PTSD and various other conditions. The Army determined that I overcame presumption of fitness for PTSD and nothing else, even though, weeks earlier, the PEB found that I should receive 80 percent disability and it was forwarded for processing.

As a veteran receiving care through the VA, I have not seen a psychiatrist since I retired. I see a psychologist once a month

versus seeing a caregiver at Walter Reed once or twice a week. In my eyes, this is minimal care. I was told that this is due to staffing. I was given the option to travel 65 miles one way for additional behavioral health care. This is unrealistic for me, as well as other veterans.

The lack of behavioral health care should be of great concern. Those veterans placed on the Temporary Disability Retirement List are required re-evaluations. My initial re-eval was to be in July 2010. On 7 September 2010, I was informed that Fort Benning was backlogged due to the psychiatrist leaving, that my re-eval would be delayed for another 8 months. Putting veterans' lives on hold and extending the transition process is unfair and unjust treatment.

In summary, the transition process lacks concern for the soldier veteran from the individual unit through the MEB/PEB process to the care provided by the VA. Behavioral health care, proper diagnosis, and need for more providers are significant issues for the Army as well as the VA.

The establishment of a Veterans Trust Fund to ensure these issues are not experienced by future generations of warriors due to fiscal constraints is imperative and should be a national priority.

Thank you very much, Chairman.

[The prepared statement of Colonel Van Derveer appears on p. 70.]

The CHAIRMAN. Thank you.

Thank you all for being so eloquent. I can only say that for putting real lives in front of us as a consequence of the decisions that are made or not made, I can only say to you as Chairman of this Committee, and speaking for our Committee, that your stories will help us make the system better. We are recommitted to do that by listening to you. I thank you for being here today.

Ladies and gentlemen, I thank you all for being here. I hope we have all learned and, I hope, committed to action in the future.

Thank you so much, and this hearing is adjourned.

[Whereupon, at 12:22 p.m., the Committee was adjourned.]

A P P E N D I X

Prepared Statement of Hon. Bob Filner, Chairman, Full Committee on Veterans' Affairs

Good morning. The Committee on Veterans' Affairs will now come to order.

Before we get started, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks. Hearing no objection, so ordered.

Why is it that so many of the men and women who have returned from military service in Iraq and Afghanistan are finding it difficult to get the care that they need?

Is it because we failed to understand that the cost of serving our military veterans is a fundamental cost of war? Is it because when we sent these men and women into harm's way, we failed to account for and provide the resources necessary for their care should they be injured or wounded?

Every vote that Congress has taken for the wars in Iraq and Afghanistan has failed to take into account the actual cost of these wars by ignoring what will be required to meet the needs of our men and women in uniform who have been sent into harm's way.

This failure means that soldiers who are sent to war on behalf of their nation today do not know if their nation will be there for them tomorrow. The Congress that sends them into harm's way assumes no responsibility for the long-term consequences of their deployment. Each war authorization and appropriation kicks the proverbial can down the road.

Whether or not the needs of soldiers injured or wounded in Iraq or Afghanistan will be met is totally dependent on the budget politics of a future Congress which includes two sets of rules—one for going to war and one for providing for our veterans who fight in that war.

The fight to meet the needs of soldiers suffering from the effects of Agent Orange, for example, requires that offsets for the necessary funding are found in other parts of the budget. It is known around here as "pay-go." The Department of Defense has no such requirement. In other words, our current system of appropriating funds in Congress is designed to make it much easier to vote to send our soldiers into harm's way than it is to care for these soldiers when they come home.

This is morally wrong and an abdication of our fundamental responsibility as Members of Congress. It is past time for Congress to recognize that standing by our men and women in uniform and meeting their needs is a fundamental cost of war.

Congress should, therefore, account for these needs and take responsibility for meeting them at the time that we send these young people into combat.

In short, every Congressional appropriation for war should include money for a Veterans' Trust Fund that will assure that the projected needs of our wounded and injured soldiers are fully met at the time that they are needed.

This is not a radical idea. Businesses are required to account for the deferred liability of their company every year. Ask any business accountant who has had to report to the IRS. Our Federal government has no such requirement when it comes to the deferred liability of meeting the needs of our men and women in uniform—even though meeting these needs is a moral obligation of our nation and a fundamental cost of war. Does this make any sense fiscally or ethically? I think not.

If, in years past, Congress had taken into account the deferred fiscal liability—and moral obligation—of meeting the future needs of soldiers injured or wounded in the conflicts that they were sent would we have been able to prevent hundreds of thousands of wounded warriors from the burden of an overwhelmed veterans' service delivery system?

And, would veterans and their advocates on Capitol Hill have to fight as hard as they do every year for benefits that should be readily available as a matter of course? Would they have to worry as much as they do today that these benefits will become targets in the debate over reducing the federal budget deficit? Would it not

be less likely that the Co-Chairman of the National Commission on Fiscal Responsibility, Allen Simpson, would tell the Associated Press:

“The irony is that veterans who saved this country are now, in a way, not helping us to save the country in this fiscal mess.”

Today’s hearing will examine these and related questions. We will begin by focusing on what war actually costs when we take meeting the needs of our soldiers into account. To do this we are pleased and honored to have with us Nobel Laureate Joseph Stiglitz of Columbia University and Linda Bilmes of Harvard, the authors of *The Three Trillion Dollar War*.

Their groundbreaking book brought a healthy but sobering dose of reality into public debates about the wars in Iraq and Afghanistan and the long-term consequences of our decision to go to war.

We are also pleased to have distinguished military leaders, veterans of the wars in Iraq and Afghanistan, prominent veterans’ advocates and families of veterans here today to help us to put this question into the sharp relief of the day-to-day reality of those who have served their nation in uniform.

It is time for an open and honest discussion about the moral obligation of our nation to our nation’s veterans. It is time to reflect on the need to reform a process that systematically denies the connection between fighting a war and meeting the needs of those who we send into harm’s way. Our veterans deserve better.

Prepared Joint Statement of Linda J. Bilmes, Daniel Patrick Moynihan Senior Lecturer in Public Policy, John F. Kennedy School of Government, Harvard University, Cambridge, MA, and Joseph E. Stiglitz, Ph.D., University Professor, Columbia University, New York, NY (Nobel Laureate)

Chairman Filner, Congressman Buyer, and Members of the House Veterans Committee:

Thank you for convening this hearing today and for inviting us to testify on the true costs of war.

There is no such thing as a “war for free.” The history of warfare is a tragic cycle of people fighting, killing, wounding, exhausting armies and depleting treasuries followed by burying, taking care of the wounded, reconstructing, repaying war debts, and recruiting fresh troops. The repercussions of war, and the costs of war, persist for decades after the last shot is fired.

Despite this well-worn path, the inevitable costs, the economic consequences and the long-term welfare of the troops are seldom mentioned at the start of a conflict. Even when they are mentioned, the costs and risks are systematically understated. The result is that the burden of financing the war, the social cost of lives lost, quality of life impaired, families damaged and the expense of caring for veterans are typically not provided for in the run-up to conflict.

All wars, whether long or short, have continuing costs associated with the care of those who have fought in them. It is a sobering thought that the peak year for paying out disability claims to World War I veterans did not occur until 1969—more than 50 years after the armistice. The peak for paying out World War II benefits was in the 1980s—and we have not yet reached the peak cost for Vietnam veterans. Even the Gulf War of 1991, which lasted just six weeks, costs more than \$4 billion a year in disability compensation alone.

It is obvious now that the wars in Iraq and Afghanistan have been far more costly (in terms of both blood and treasure) than its advocates suggested at the outset. Even with more realistic estimates, we might have come to the same decision about going to war. But the absence of reliable estimates meant there was no opportunity for a meaningful debate. It has also prevented us from planning ahead for future costs.

The United States has already spent more than a trillion dollars in Iraq and Afghanistan for *incremental* war costs; in other words, costs that are in addition to regular military salaries, training and support activities, weapons procurement and so on. There are other substantial incremental war-related expenditures across government for items including military medicine, military recruiting, contractors’ life insurance, Social Security disability benefits and paying interest on money borrowed to finance the war.

But these figures do not include the long-term budgetary costs of veterans care, or any estimate of the economic and social costs of the wars.

It may be hard to believe, but we still do not know the true cost of the Iraq war, much less the current war in Afghanistan. The U.S. Government budget is based on cash, rather than accrual accounting. Government financial accounts track inflows and outflows of funds within a fiscal year, ignoring the long-term costs of depreciating equipment, purchasing complex weapons systems and caring for disabled veterans. Basic information about outlays—what has actually been spent—is not readily available. The accounting systems at the Pentagon are notoriously poor at tracking expenditures; the Department has failed its annual financial audit for the past decade. The Congressional Budget Office, the Congressional Research Service, the General Accounting Office, the Iraq Study Group and the Department’s own auditors and Inspector General, have all found numerous discrepancies in the Pentagon’s figures. Expenditures that relate directly or indirectly to the war are fragmented among many different departmental budgets and programs, making it laborious to piece together a complete picture. Additional war funds are appropriated little by little, through supplementary budgets, making it all the more difficult to tally up the total costs.

The most detailed analysis of war costs has been conducted by the Congressional Research Service (CRS). The CRS has noted that none of the known factors in the increasing war costs, including the operating tempo of the war, the size of the force, and the use of equipment, training, weapons upgrades and so forth, “appear to be enough to explain the size of and continuation of increases in cost.” We believe this discrepancy relates to the way the war has been fought, with excessive reliance on expensive contractors and funding for core defense activities getting mixed in with war funding due to poor budgeting and accounting.

The U.S. Government also makes no attempt to capture the economic costs (including those associated with deaths or quality of life impairment of those injured), much less any tracking of how the economy might have fared in the absence of any conflict.

These full costs are not transparent anywhere in the system. Throughout the nine years of conflict in Iraq and Afghanistan, the Congressional Budget Office (CBO) has continued to use accounting frameworks that focus at best on the budgetary costs of war for 10 years, even as the long-term accrued costs of the wars and their impact on the economy have grown more apparent. The only hint of the full costs of providing for military veterans is in the U.S. Treasury’s financial statements for 2009, in the little-read “statement of net costs” which uses accrual methods. According to this document, the U.S. liability for burial and disability benefits for military veterans exceeds \$1.3 *trillion* dollars. (Even this figure—although large—does not reflect the full liability, because it excludes medical care and other benefits). There is no provision anywhere in the budget for how this liability will be paid.

Consequently, the estimate of budgetary costs that is presented to the public and the press is a partial snapshot, based on faulty accounting and incomplete data.

Our work, which is based entirely on government data, was intended to fill this void.

Two years ago we published *The Three Trillion Dollar War: The True Cost of the Iraq Conflict*, in which we estimated that the total cost to the United States—including military expenditures through 2017, and lifetime health care and disability costs for returning troops, as well as economic impacts to the United States—would be \$3 trillion^[1]. This price tag dwarfed previous estimates, but subsequent investigations by both the Congressional Budget Office and the Joint Economic Committee of Congress found our estimate to be broadly correct. To ensure the credibility of our analysis, we deliberately used conservative assumptions. As we will explain today, the empirical data that has come to light since the publication of *The Three Trillion Dollar War* demonstrates that our cost projections were excessively conservative, and that the war has had far-reaching economic consequences. In particular, the costs of diagnosing, treating and paying disability benefits for veterans of the Iraq and Afghanistan conflicts are proving to be much higher than our earlier estimates.

This morning we will focus on three issues.

First, we will discuss some of the costs that the war has imposed on the U.S. economy.

Second, we will provide an updated estimate for the single biggest long-term budgetary cost of the current war, which is the cost of providing medical care, disability compensation and other benefits to veterans of the Iraq and Afghanistan conflicts.

^[1]Joseph E. Stiglitz and Linda J. Bilmes. *The Three Trillion Dollar War: The True Cost of the Iraq Conflict*, WW Norton, 2008.

Third, we will argue that such costs are inevitable and can be estimated to some extent in advance; therefore, the United States should make provisions for its war veterans at the time we appropriate money for going to war. We will recommend steps that can be taken to address this unfunded financial liability.

I. *The Cost of War and Its Impact on the U.S. economy*

The United States went to war without a clear understanding of the costs to the budget or to the economy. Today we have a better view of both the benefits and the costs.

The benefits of war center on the value of additional security obtained by the war. This is a subject on which reasonable people may disagree, since it requires assumptions (typically unverifiable) about what would have happened in the absence of the conflict. But even in this area, basic analytic principles can be of help, especially as we confront the challenge of the global war on terrorism, a security threat that is markedly different from earlier wars such as World War I and II, where our main objective was the defeat of a particular government. The wars in Iraq and Afghanistan are different. For instance, securing a particular piece of territory—ensuring that it cannot be used, for instance, for training of terrorists—may have little value, since training and terrorist activity can easily shift. We have to have a global perspective. We have seen this as Al Qaeda has shifted from Afghanistan, to Iraq, to Pakistan, and to Yemen. Secondly, victory in this war, like all such insurgencies, entails winning hearts and minds—killing innocent victims, even if only as collateral damage, is a sure way to lose this battle. The supply of insurgents can increase even as we succeed in killing thousands of the enemy. (Economists say that the supply of insurgents and more broadly the strength of the opposition are *endogenous*.) Thirdly, mistakes made at one point can have long lasting consequences, some more so than others.

Economists and physicists refer to this under the name hysteresis; historians by the term path dependence. We cannot go back to the world as it was, or as it would have been, if we had conducted the war in Afghanistan differently, and had not become embroiled in the war in Iraq. But the consequences of some actions are more irreversible than others, and it is in those areas that we have to be particularly careful not to make mistakes.

Estimating the cost of the war is more straightforward. There is no doubt that wars use up resources. The question is how to estimate the full magnitude of those resources used and assign values to them.

The taxonomy of costs centers on (i) resources spent to date; (ii) resources expected to be spent in the future; (iii) budgetary costs to the government; and (iv) costs borne by the rest of the economy. These latter costs are very real, even if the government does not pay them, and are referred to as the *economic* as opposed to the *budgetary* costs of the conflict. In terms of the economic costs, there are micro-economic costs—costs borne by particular individual people or firms—and macro-economic costs—impacts on the total economy over and above the sum of the micro costs.

What makes this analysis challenging is that government accounting systems do not document most items in a way that would enable an easy assessment of the resources directly used, or the full budgetary impact. Accurate accounting is important because it provides information on the use of resources that is essential for good governance. Transparency—clear, accurate financial information that is made available in a useable and timely format—is an essential part of democratic governance and accountability.

The way we account for our troops matters. For example, from the sole perspective of military *accounting*, the cost of a soldier's life is valued at \$500,000, (\$400,000 in life insurance and \$100,000 in "death gratuity" payment). This number does not reflect either the true budgetary cost to government or the economic cost to society. It does not include, for instance, the cost to the military of recruiting and training a new troop to replace the one who is lost, and the impact on morale and mental health on the rest of the unit, which may result in higher medical costs. It also does not reflect the economic loss of a young person. By contrast, when civilian agencies such as the EPA and FDA are evaluating a proposed regulation—when they compare the cost of imposing a regulation to the potential lives saved—they estimate the value of a life at between \$6 million and \$8 million.

Once a government embarks on a war, it has a myriad of decisions to make. Not the least of these is the decision about when to exit. An accurate assessment of the full costs of war—including, for instance, the full incremental cost of a surge of, say, 30,000 troops for one year—is an essential ingredient in making good decisions. The budgeting and accounting systems should be able to accurately track what has been

spent as well as to anticipate the order of magnitude of future costs. For example, if 50,000 troops have already been wounded, it is feasible to estimate the approximate minimum future liability that the government will incur to provide these veterans with medical care and disability compensation (if a business incurs a liability to pay for injuries to some of its employees, it is required to make a provision for this liability). For an ongoing war, an accurate accounting of costs incurred is important information in assessing likely costs going forward. Any business would want this kind of information as it made decisions; any publicly owned business would be required to keep its books in ways that investors could see the future consequences; and good business practice requires that the firm set aside money today for future obligations, like retirement benefits, accrued today. We should expect no less of government.

It is important to realize why such information is so important. It is partly a matter of accountability—how are our citizens to evaluate and judge a particular course of action if they do not know the costs? But bad accounting leads to bad decisions. If we do not take into account future disability and health costs, there is a temptation to scrimp on current expenditures, without regard to future costs. Good accounting frameworks would show that such a course was penny wise but pound foolish. Some actions entail cost shifting—say from government to others. If VA hospitals are underfunded, some of our veterans who served their country so well—those who can afford it—may pay some of their own medical costs. The total societal costs have not disappeared, even if budgetary costs are reduced. This is one of the reasons that one needs an assessment of the overall economic costs.

The overall economic costs are typically much larger than the budgetary costs. However, there are instances where this is not the case. An example is where payments from the government to the private sector *exceed the value of the resources procured*—i.e., in war profiteering, which has been widely documented during the Iraq war. The sheer size of the U.S. military operations in Iraq and Afghanistan, (the biggest wartime mobilization since the all-volunteer force was created in 1973) placed a strain on the enlisted force, which led to an unprecedented reliance on paid private contractors. This resulted in some cases, in payment of exorbitant sums for simple tasks such as painting walls and repairing trucks and gross over-payments to contractors such as Halliburton and Blackwater. There have also been numerous cases of outright fraud where the U.S. Government has been found to have paid contractors for services that were never provided at all. Though such problems arise in all government procurement, there are normally safeguards in place that limit its scale. During the Iraq War, many of these safeguards were suspended or relaxed.

The best-run government organizations use cost accounting to estimate the direct and indirect costs of their activities. They also use accrual-based accounting to try to take future costs into account. The focus on current-year cash budgeting leads to costly mistakes. For example, the decisions not to buy more protective armor for troops or not to purchase mine-resistant vehicles certainly saved money on a cash basis. But these decisions led, predictably, to much higher death and injury rates. So too, the decision not to fund the Veterans Department adequately in 2005, 2006 and 2007 reduced current budgetary expenditures but at the expense of increasing the long-run (budgetary and economic) costs of providing care to returning veterans. These and similar decisions were shaped by an accounting system that does not provide for the full long-term budgetary costs of current policies and by a budgetary system that does not estimate costs to the economy.

In addition to the known costs of conducting current and future military operations and caring for war veterans (which we discuss below) the most sobering costs of the conflict are in the category of “might have beens”—what economists call opportunity costs. Specifically, in the absence of the Iraq invasion: would we still be mired in Afghanistan? Would oil prices have risen so rapidly? Would the federal debt be so high? Would the economic crisis have been so severe?

Arguably the answer to all four of these questions is “no.”

The first question concerns the “security opportunity costs” of the war. The Iraq invasion diverted our attention from Afghanistan, a war that is now entering its tenth year and which threatens to destabilize nuclear-armed Pakistan. By most accounts, the effort is encountering serious challenges, and even General Petraeus sees little prospect of an early exit. While “success” in Afghanistan might always have been elusive, we would probably have asserted control over the Taliban, and suffered less expense and loss of life, if we had maintained our initial momentum and not been sidetracked in Iraq. Between 2003 and 2006, we spent five times as much money in Iraq as in Afghanistan. It is likely we would have done far better if we had devoted those resources to Afghanistan, before the Taliban had re-established control.

The second cost is the higher price of oil, which has had a devastating effect on the economy. When we went to war in Iraq, the price of oil was under \$25 a barrel, and future markets expected it to remain around that level. With the war, prices started to soar, by 2008 reaching \$140 a barrel. The war and its impact on the Middle East, the largest supplier of oil in the world, clearly had *something* to do with the price rise. We believe it was one of the major contributing factors—not only was Iraqi production interrupted, but the instability it brought to the Middle East dampened investment in this vital region from what it otherwise would have been. In our conservative \$3 trillion estimate, we attributed only \$5-\$10 of the increase to the war. But, given our thirst for imported oil, even that small amount has a big impact—it translates into a much higher import bill for the United States. We now believe that a more realistic estimate of the impact of the war on the oil price over a decade is *at least* \$10–15 per barrel. That translates into a \$250 billion increase in the cost of war.

Third, the war added substantially to the federal debt. It is the first time in America's history where a government cut taxes as it went to war, even in the face of continued government deficits. The U.S. debt rose from \$6.5 trillion to \$10 trillion between 2003 and 2008, before the financial crisis. At least one-fourth of that debt is directly attributable to the wars. Of course, this doesn't include unfunded future liabilities, for instance the more than half trillion dollars in future health care costs and disability payments for returning troops.

The increased indebtedness meant that the U.S. had far less room for maneuver in dealing with the global financial crisis. Worries about the debt and deficit constrained the size of the stimulus.

But the crisis itself was, in part, due to the war, and while, as we will explain below, the estimates that we provided in our book were overly conservative overall, e.g. in estimating future health care and disability costs, the most serious underestimate involved the macroeconomic consequences of the war. The increase in oil prices reduced domestic aggregate demand—money spent buying oil abroad was money not available for spending at home. The war spending itself provided less stimulus to the economy than other forms of spending—giving money to foreign contractors working in Iraq neither stimulated the economy in the short term (compared to investments in education, infrastructure, or technology) nor did Iraq spending provide a basis for long term growth. Loose monetary policy and lax regulations kept the economy going—through a housing bubble, whose breaking brought on the global financial crisis. We mentioned earlier that the deficits, to which the war contributed, reduced our room for maneuver. But even today, three years into the crisis, as we struggle to deal with the aftermath—with more than one out of six Americans who would like a full time job unable to get one, with one quarter of Americans with mortgages owing more than the value of their house—it is increasingly clear that the size of the national debt—of which more than \$1 trillion, or more than 7 percent, is attributable to the war—imposes important constraints on our response. The result is that the recession will be longer, output lower, unemployment higher, deficits larger, than they otherwise would have been.

Counterfactuals—what might have happened if we had not gone to war—are always difficult, and especially so with complex phenomena like global financial crises with many contributing factors. What we do know is that one of the true costs of war is its contribution to a worse economic recession, higher unemployment and larger deficits than might have otherwise occurred.

I want to emphasize that there is a marked difference between deficit spending to finance investments—in infrastructure, technology, education—and to finance a war such as those in Iraq and Afghanistan. Borrowing in the former case may make sense, especially when the economy has significant unemployment and interest rates are low. Such expenditures improve the long-term debt, lower the long-term debt to GDP ratio, and enhance growth—in short, they improve the country's balance sheet. That is not the case for debt-financed war expenditures, which worsen the country's balance sheet.

The large disparity between budgetary and the full economic costs of war means there is a need for a comprehensive reckoning of the cost to the economy as a whole. The fact that we have been able to construct estimates of both underlines the fact that this exercise can be done once there is a will to do it. There are many skilled economists and plenty of data in various branches of government. Going forward, it is important that major decisions in the military arena, especially when they are decisions of choice, are subject to the same sort of rigorous analysis, both budgetary and economic. No estimate and no accounting system will be perfect. But the discipline that comes from applying these techniques routinely should increase the quality of debate and enable us as a country and a government to make more informed decisions in the future.

II. Updated estimates of long-term budgetary costs for returning Iraq and Afghanistan veterans

Over the past nine years more than 2.1 million Americans have served more than three million tours of duty. More than 1.25 million veterans from these conflicts have returned home. The most significant long-term budgetary cost of war is providing medical care to those who have served, and paying disability compensation, pensions and other benefits to eligible veterans. As of this month, 5700 U.S. servicemen and women have died and over 90,000 have been wounded in action or injured seriously enough to require medical evacuation. A much larger number—nearly 600,000—have already been treated in veterans' medical facilities for issues ranging from brain injuries to hearing loss. The number returning home with serious mental problems has increased as troops were obliged to do repeated tours of duty, with shorter spans to recuperate. The medical community reports an "epidemic" of post-traumatic stress disorder (PTSD).

The evidence from previous wars shows that the cost of caring for war veterans continues typically rises for several decades and peaks in 30–40 years or more after a conflict. The costs rise over time as veterans age and their medical needs grow. For example, the annual disability payment to veterans aged 34 and under is \$6633. This rises to \$8641 for veterans aged 35–54 and to \$12,237 for those aged 55–74. (In addition, the older veterans who are retired may now receive concurrent receipt of benefits from the Defense budget. Those veterans who are not enrolled in the VA system are likely to be requiring significant costs from the Medicare system).

However, for several reasons the long-term costs of the Iraq and Afghanistan conflicts can be expected to be even higher than in previous conflicts. This is due to (a) higher survival rates; (b) higher incidence of PTSD and other mental health ailments; (c) a higher percentage of veterans claiming for benefits, especially those associated with mental health conditions; and (d) more generous medical benefits, more presumptive conditions, and higher benefits in some categories.

Let me briefly address each one of these factors.

First, the survival rate for severely injured troops has increased, relative to previous wars, as a result of improvements in battlefield medicine and other advances in health care. In Iraq, the ratio of deaths to wounded-in-action was 1:7.3; compared with 1:2.6 in Vietnam, 1:2.8 in Korea, and 1:1.6 in World War II^[ii]. This means that a large number of seriously wounded troops, some of whom have severe disabilities, will require lifetime care. The wars have also had a high level of non-hostile injuries; our research shows that such injuries were more than 50 percent higher than during peacetime.

Second is the issue of mental health diagnosis and PTSD. There has been a considerable amount of medical research on this subject, including a number of recent studies on Iraq and Afghanistan veterans. The studies conducted at the University of California, San Francisco Medical School (UCSF) and elsewhere control for variables such as demographic factors, smoking, BMI, alcohol use, depression, and other factors, so they are an important way for us to understand what is attributable purely to war exposure.

There are three key findings in this literature.

First, the incidence of PTSD is closely correlated to the number of exposures to firefights that a soldier experiences. That means that almost certainly, the long deployments, multiple deployments, and the lack of a clear "front line" for many of those serving has contributed to the extremely high levels of PTSD and other mental illness. There are now close to 900,000 troops who have served two or more tours of duty.

Second, PTSD is widespread, and has increased by 4–7 times since the invasion of Iraq. The team at UCSF medical school, led by Dr. Karen Seal, studied *all* returning veterans who had been treated by the VA from 2002 through 2008^[iii]. Her team found that 37 percent of returning troops received a mental health diagnosis. Almost one in five of the troops were diagnosed with PTSD, with others diagnosed with depression. The majority of troops had concurrent diagnosis with other problems. Younger, lower-rank troops with the highest combat exposure were at the highest risk for PTSD.

Third, there is strong correlation demonstrated between PTSD and long-term physical health problems. This includes heart disease, rheumatoid arthritis, heart

^[ii] Anne Leland and Mari-Jana Oboroceanu, "American War and Military Operations Casualties: Lists and Statistics," February 26, 2010.

^[iii] Karen Seal *et al.*, 2009, "Trends and Risk Factors for Mental Health Diagnoses Among Iraq and Afghanistan Veterans Using Department of Veterans Affairs Health Care, 2002–2008," *American Journal of Public Health*, 99(9): 1651–1658. (See also Karen Seal *et al.*, 2007.)

failure, bronchitis, asthma, liver and peripheral arterial diseases^[iv]. One recent study (Judith Andersen *et al.*, 2010)^[v] found that PTSD sufferers are 200 percent more likely to be diagnosed with a disease within 5 years of returning from deployment than the control group. Another new study (Beth Cohen, 2010) found that that veterans with PTSD utilized non-mental health care services such as primary care, ancillary services, diagnostic tests and procedures, emergency services and hospitalizations 71–170 percent higher than those without PTSD. In addition, recent studies have shown that traumatic brain injury, which is estimated to affect some 20 percent of Iraq and Afghanistan veterans (often in conjunction with PTSD) places sufferers at higher risk for lifelong medical problems, such as seizures, decline in neurocognitive functioning, dementia and chronic diseases^[vi].

Regarding the other reasons for higher costs:

Compared to previous conflicts, a higher percentage of Iraq-Afghanistan veterans are claiming for benefits, especially those associated with mental health conditions. In large part, this is due to the outreach efforts that VA has undertaken, as well as the introduction of the post-deployment screen for mental health symptoms, and successful efforts by VA and many veterans groups and local organizations to make returning servicemembers more aware of what they have earned and how to apply for it. It is also likely that the Internet has made it easier to obtain information and to file disability applications.

In addition, since our book was written, a number of recommendations that we and others urged have been adopted. VA has expanded the Benefits Delivery at Discharge (BDD) program and Quick Start, increased the number of conditions that are presumptive in favor of the veteran, liberalized the PTSD stressor definition, increased some categories of benefits and outreach, provided five years of free health care instead of two, and is in the process of restoring medical care to 500,000 moderate income “Category 8” veterans.

VA has also hired more medical and claims personnel, invested heavily in IT upgrades to the claims processing system, and is preparing to do much more.

All of these factors contribute to the rising cost estimates we will describe.

Our model for projecting long-term budgetary costs is based entirely on government data. We based our projections for troop levels on estimates by the CBO and CRS, and we used rates of average disability compensation, social security disability benefits and medical costs on information from the VBA, VHA, Social Security Administration and government economic indicators.

In our earlier work, we estimated that the long-term cost of providing medical care and paying disability compensation for veterans of the Iraq and Afghanistan wars would be between \$400 billion and \$700 billion, depending on the length of the conflict and future deployment levels. This estimate was based on assumptions derived from historical patterns of medical claims and disability claims experienced in previous wars. Since then we have updated our analysis to reflect the actual data for veterans returning from Iraq and Afghanistan and it is clear that the costs will be much higher.

Revised Disability Cost Projections

In 2008 we had projected that between 366,000 and 398,000 returning Iraq and Afghanistan veterans would have filed disability benefit claims by this point (given 1.2 million returned troops, which we had correctly projected). In fact, more than 513,000 veterans have *already* applied for VA disability compensation. In our projections, the VA would not have received this many claims until 2013 at the very earliest. We had also underestimated the complexity of these claims, the number of disabling conditions being demonstrated, and the likely increases in disability ratings

^[iv]Daniel Bertenthal, Beth Cohen, Charles Marmar, Li Ren and Karen Seal, 2009, “Association of cardiovascular risk factors with mental health diagnoses in Iraq and Afghanistan war veterans using VA health care,” *JAMA* 302 (5):489–492.; and Boscarino JA, 2008, “A prospective study of PTSD and early-age heart disease mortality among Vietnam veterans: implications for surveillance and prevention,” *Psychosomatic Medicine*, July, 70(6):668–7; Boscarino, JA, CW Forsberg and J Goldberg, 2010, “A twin study of the association between PTSD symptoms and rheumatoid arthritis,” *Psychosomatic Medicine*, June 72(5):481–6. (In the latter, a study of twin pairs showed that the highest PTSD sufferers were 3.8 times likely to have rheumatoid arthritis compared with the lowest sufferers). (Spitzer has also shown increased incidence of angina, heart failure, bronchitis, asthma, liver and peripheral arterial diseases among PTSD sufferers).

^[v]Judith Andersen, *et al.*, 2010, “Association Between Posttraumatic Stress Disorder and Primary Care Provider-Diagnosed Disease Among Iraq and Afghanistan Veterans,” *Psychosomatic Medicine* 72.

^[vi]See Hoge, C.W. *et al.*, “Mental disorders among U.S. military personnel in the 1990s: Association with high levels of health care utilization and early military attrition,” *American Journal of Psychiatry*, 159(9):1576–1583; see also work from the Veterans Health Research Institute.

over time for veterans who have been diagnosed with PTSD. We now estimate that the present value of these claims, over the next 40 years, will be from \$355 billion to \$534 depending on the duration and intensity of U.S. military deployment to the region.

In addition, veterans who can no longer work may apply for Social Security disability benefits. We estimate that the present value of the lifetime benefits for these veterans will range from \$33 to \$52 billion.

Revised Medical Cost Projections

In our earlier analysis, we had estimated that 30–33 percent (which would be fewer than 400,000) of returning veterans would be treated in the VA health system by 2010. The actual number is running at more than 565,000 veterans, which is about 45 percent of discharged troops^[vii]. In our earlier work, we projected that the VA would not reach this level until 2016.

We had also underestimated the long-term costs of treating and caring for these veterans. We had projected that at worst 20 percent of veterans would be diagnosed with mental health issues, whereas we now know that 30–40 percent of returning veterans are receiving these diagnoses. This increases both immediate and long-term costs, given the relationship between mental illness and other conditions. We also did not account for the cost to VA of adding personnel and increasing the mental health infrastructure.

Accordingly, we can project how disability claims, and medical costs of the Iraq and Afghanistan veterans are likely to continue to increase with age. In this respect, they are likely to follow the pattern of Vietnam veterans, where it is estimated that 30 percent suffered from PTSD. For example, the disability compensation paid to Vietnam veterans is 60 percent higher than the amount paid to veterans who served in peacetime.

We now estimate that the present value of medical care provided by the VA to veterans from Iraq and Afghanistan over the next 40 years will be between \$201 billion and \$348 billion, depending on the duration and intensity of military operations in the region.

Table 1: Estimated PV of Iraq and Afghanistan Veterans Disability and Medical Costs

(US\$ Billions)	Moderate-Realistic	Best Case
Medical	348	201
Disability (VA)	534	355
Disability (SSA)	52	33
Total Cost \$ billion	934	589
Original Estimate (2/08)		
Medical	284.8	121.1
Disability	388.5	276.6
Social Security	43.7	23.8
Total Cost \$ billion	717	422

^[vii]As of June 2010, 2.15 million U.S. troops had served in the GWOT in Iraq and Afghanistan and there were 1.25 million veterans who were discharged. The number who had filed claims for compensation in connection with their service disabilities was 513,000 (Veterans for Common Sense, from DoD, previous number of 483,000 from Veterans Benefits Administration Office of Performance Analysis and Integrity, 11/18/09). The number of GWOT veterans who had been treated at VA Hospitals and medical facilities was 565,000 (Veterans Health Administra-

Other Budgetary Costs

These estimates do not include a range of additional costs that will be paid by departments across government, including veterans' home loan guarantees, veterans' job training, concurrent receipt of pensions, and higher costs to Medicare and TRICARE for Life for veterans who are not enrolled in the VA system. For example, Pentagon spending on health care for active-duty military has increased by 167 percent since 2001^[viii]. It also does not include costs paid by state and local governments, or billions of dollars in VA capital investments, such as the construction of mental health clinics and construction of new hospitals, that will serve all veterans but are primarily targeted toward those returning from Iraq and Afghanistan.

One of our core recommendations in the book was that Iraq and Afghanistan veterans should be able to receive full education benefits, on a par with those provided to World War II veterans in the GI Bill. Congress and the Administration finally enacted a new GI bill in 2008. This is an investment that will yield significant economic benefits. However it will also add to the budgetary cost of the war.

Taking these costs into account, the total budgetary costs associated with providing for America's war veterans from Iraq and Afghanistan approaches \$1 trillion.

Economic Costs of Veterans

Earlier, we explained how the true cost of war goes beyond the budgetary costs; there are much larger social and economic costs. While this is true for the country, it is especially true for our veterans and their families.

The military has faced its biggest challenge since conscription ended in 1973. In many respects, the "All-Volunteer Force" has come under enormous strain. Suicide among veterans is at record levels. Women troops (who make up 11 percent of the force) have been especially hard-hit: divorce rates are three times higher for female than for male troops, and more than 30,000 single mothers have deployed to the war zone. These social costs are far-reaching. They include the loss of productive capacity of young Americans who have been killed or seriously wounded in Iraq and Afghanistan, lost productivity due to mental illness, the burden on caregivers who frequently have to sacrifice paid employment in order to take care of a veteran with a disability, as well as increases in divorce, domestic violence, substance abuse, and other social problems. Additionally, a substantial number of those who were deployed, particularly among Reservists and Guards, were self-employed and have lost their livelihood as a result of deployment. For many veterans there is simply a diminished quality of life, the costs of which are borne by the individuals and families.

The military has also been forced to employ a shadow workforce of several hundred thousand contractors, who have proven to be indispensable to the war effort. These contractors have also suffered from high rates of casualties, injuries and mental health problems. These impose both budgetary costs (through subsidies to worker compensation and insurance companies) and social costs in all the areas mentioned for troops.

These substantial "social" costs are not captured in the Federal Government budget but nevertheless represent a real burden on society. In a number of countries, this is actually recognized with quality of life impairment lump sum payments. In our book, we attempted to determine the monetary value of some of these costs, although many cannot be quantified. At that time we estimated that the social costs would reach between \$295 and \$400 billion, in excess of the budgetary costs. Given the high number of casualties in the war and the high incidence of illnesses, especially mental illness, it is certain that the true cost will be even higher.

III. Funding War Veterans

The scale of our financial commitment to providing for veterans is huge; both in terms of the payments we make today—mostly for previous wars—and in the future. We have predicted that the long-term cost of caring for the veterans of Iraq and Afghanistan will be at least \$500 billion, and quite possibly much higher. But at present, the U.S. has no provision for how it will pay for this growing long-term liability.

The size of the current outgoings for veterans can be seen most clearly in the financial statements of the United States on the Statement of Net Cost, which lists the gross cost of U.S. expenditures minus revenues. It shows that the net cost of

^[viii]Statement by Rear Adm. Christine Hunter, Deputy Director of TRICARE, that Pentagon spending has increased from \$19 billion in 2001 to projected \$50.7 billion in 2011. (USA Today 4/25/10).

providing for veterans is the fourth largest cost to the U.S. Treasury. For example, for the year ending September, 2008, the net costs were Defense: \$740 billion; HHS: \$713 billion; Social Security Administration: \$663 billion; Veterans: \$430 billion; Interest on the Debt: \$241 billion; with all other costs far below. In other words, the cost of providing for veterans equaled 12 percent of the cost of running the country.

In terms of accrued long-term liability, the Balance Sheet of the United States lists \$1.3 trillion in veterans' compensation and burial benefits, and a liability for \$220 billion in veterans housing loan guarantees. But this does not take into account the accrued liability for providing medical care, or for veterans pensions, or for many of the other benefits we intend to provide.

Yet, while there are extensive debates and hundreds of studies on how to fund our obligations for Social Security and Medicare, there is little attention being paid to how best to fund veterans' care. In addition, both Social Security and Medicare are financed in part by taxes on non-recipients. But there is no dedicated mechanism through which taxpayers who are not in military service contribute directly to caring for war veterans. Funding must come from general revenues, competing with the myriad of other demands.

The consequence of essentially ignoring the cost of caring for veterans is threefold.

First, it understates the true cost of going to war. We know that every war will have a long "tail" of costs, including the significant cost of providing for those who fight in the war, and their families and survivors. However, in the appropriations process, we do not make any provision for this inevitable cost. This disguises and hides the true costs.

Second, from an economic perspective, it is poor financial management. We should not be financing a 40-year long pension and benefit obligation from annual budget revenues.

Third, it inevitably leads to the possibility that veterans' needs will not be funded adequately. There are always pressures to cut unfunded entitlements. But veterans' benefits are different from Social Security and Medicare. They are more akin to "deferred compensation." They are payments for services rendered. They are part of the implicit contract between our country and those that serve our country by fighting for and defending it. The VA has the responsibility to determine the availability of VA care based on appropriations levels. The financial statements explain that: "In addition to health care benefits for civilian and military retirees and their dependents, the VA also provides medical care to veterans on an 'as available' basis, subject to the limits of annual appropriations. . . . VA's Secretary makes an annual enrollment decision that defines the veterans, by priority, who will be treated for that fiscal year subject to change based on funds appropriated, estimated collections, usage, the severity index of enrolled veterans, and changes in cost."^[ix]

VA does not have the capacity to fully estimate its long-term obligations, and even with the best will in the world, this may result in insufficient funding. It is well known that VA ran short of funds in 2005 and 2006 due to budget planning that was based on 2001 numbers, before the conflict began. As recently as January 2009, GAO found that VA's assumptions of the cost of long-term care were "unreliable" because the assumed cost increases were lower than VA's recent actual spending experience^[x]. VA is now facing the challenge of estimating demand for two years for the advance appropriations. However, even this is proving very challenging since, using its current model, VA cannot determine its precise operating needs two-and-a-half years in advance; yet it is being asked by OMB and the appropriators to do this. This places an impossible burden on the top VA officials.

Recommendations

We recommend a different funding model that would include the following:

1. Establish a Veterans Trust Fund that would be funded as obligations occur. Although we cannot estimate precisely the magnitude of long-term demands, it should be possible to develop a framework for setting aside some funding at the time war money is appropriated.
2. Improve the actuarial capacity of the VA. The VA should be directed to work with the Institute of Medicine to develop a better system of forecasting the amounts and types of resources needed to meet veteran's needs in 30 years or more, when their needs are likely to peak. This should also include forecasting the regional impact and the infrastructure needs of the VA.

^[ix] "Financial United States Government Notes to the Financial Statements for the Years Ended September 30, 2008, and September 30, 2007," Notes to the Financial Statements, Page 73.

^[x] GAO-09-664T.

3. The cost of any conflict that persists beyond one year should be funded by current taxpayers, through war surtaxes, war bond issues, or other means.

Conclusions

It is commonplace today for government to undertake extensive cost-benefit analyses of individual projects and regulations, to assess and, where possible, to quantify the benefits and costs. Our analysis of true war costs follows in this tradition. While expenditures on the military represent the single largest item for many countries, it has largely been immune from this kind of scrutiny. Even if such an analysis does not change the decision to go to war, it can alter how the war is fought—and how we plan for the inevitable future costs of the war.

We hope that the kind of analysis that we conducted for the Iraq and Afghanistan wars will become routine. While the kind of economic calculus that we have conducted can only capture a fraction of the broader costs of war, we believe that even a greater awareness of these immense economic costs may have a salutary effect. In particular, we hope that our work will contribute to a new way of thinking about long-term veterans costs, a way of thinking that would require us to budget for the lifetime needs of war veterans at the same time that we appropriate funds for the wars they will fight.

At the very least, we believe that democratic processes require an informed citizenry—and an informed citizenry must have a sense of the true costs that are likely to be encountered before it embarks on war. [xi]

Prepared Statement of Joseph A. Violante, National Legislative Director, Disabled American Veterans

Mr. Chairman and Members of the Committee:

Thank you for inviting me to testify today on behalf of the Disabled American Veterans (DAV) about the continuing cost of war. With 1.2 million members, all of whom were disabled while serving during times of war, no organization understands the true costs of war better than the DAV. Our core mission is to build better lives for America's disabled veterans and their families and survivors, which we do through our service, transportation, volunteer, advocacy and charitable programs.

For example, last year DAV National Service Officers provided claims representation to nearly a quarter of a million veterans and their families, helping them obtain almost \$4.5 billion in new and retroactive benefits. Our fleet of DAV vans, driven by almost 9,000 volunteers, transported more than 645,000 veterans to VA health care facilities across the country, traveling over 24 million miles in the process. Overall, DAV volunteers donated more than 2.2 million hours to serve hospitalized veterans, saving the federal government more than \$40 million in 2009 alone. We understand that everyone who serves during wartime is forever changed by that experience, and a grateful Nation must always stand up for those who stood up for us.

Today there are about 23 million veterans, almost 17 million of whom served during periods of war and conflict. More than eight million veterans are enrolled in the VA health care system, and more than 3.1 million receive disability compensation for service-connected disabilities. To meet these needs, the Department of Veterans Affairs (VA) employs over 300,000 people with a budget now topping \$125 billion annually. These numbers provide a baseline for the cost to care for veterans and any calculation of the true cost of war must fully fund programs and services for veterans, not just today, but far into the future. Since there are witnesses here today who will provide specific estimates and projections of the monetary requirements, my testimony will focus instead on the moral and practical obligations we have to the men and women who served in uniform.

Mr. Chairman, the true cost of war is not sufficiently measured by the dollar cost alone, but must include the human costs. War leaves a legacy of pain and hardship borne by the men and women who suffer the wounds and bear the scars—both visible and invisible—of having served their Nation. War also profoundly affects the families who suffer heartbreak and agony of losing a loved one, as well as the family members who bear the burden of caring for disabled veterans for a lifetime. They too have earned the thanks of a grateful Nation.

[xi] For more information on the ongoing costs of war: Visit <http://www.ThreeTrillionDollarWar.org>.

The true cost of war must also include the cost of peace because all who defended our Nation and have wounds or disabilities as a result of their service—regardless of when or where they served—have earned benefits that must be paid for. For these men and women, the price they paid in service will continue for years and decades to come.

Our Nation must fully and faithfully meet all obligations to veterans, especially disabled veterans, and my testimony will highlight some of the most important obligations that Congress can and must meet in the coming years.

First, we must ensure that all benefits earned by disabled veterans are paid in full; Congress must not allow veterans benefits to be offset against other Federal benefits, nor eroded by inflation, nor whittled down by budget gimmicks, such as the practice of “rounding down” cost-of-living adjustments (COLAs) for disability compensation payments. Every benefit payment must have an appropriate mechanism to account for inflation or other rising costs so that its value is not reduced over time. After two years with zero increase in disability compensation, we would urge Congress to consider whether the Social Security COLA is the most appropriate index. Since disability compensation is intended to compensate for the average loss of earnings, we believe that there are more accurate and appropriate indexes or other methods to set rates, such as those that determine wage increases for Federal workers or the military.

Congress must also ensure that disability compensation is paid in full to all service-connected disabled veterans, including those who retire after a career in the military, by fully eliminating the prohibition on concurrent receipt of disability compensation and military retirement pay. It is simply unfair that a disabled veteran who chooses to complete a career in the military will have his or her retirement pay offset by disability compensation, whereas those who leave the military to work in any other public or private sector job can receive their full retirement benefits and their full disability compensation.

Second, we must fully compensate disabled veterans for their sacrifice and loss, which must include compensation for non-economic loss and loss of quality of life, not just loss of earnings capacity. In its final report released in 2007, the Veterans Disability Benefits Commission, which was authorized by Congress in Public Law 108-136, recommended that, “. . . VA disability compensation should recompense veterans not only for average impairments of earning capacity, but also for their inability to participate in usual life activities and for the impact of their disabilities on quality of life.” The Institute of Medicine made the same recommendation in 2007, and such a system has been successfully implemented in other countries with comprehensive veterans benefits, including Canada and Australia. The true price paid by disabled veterans includes a loss in the quality of their lives, and we urge Congress to begin instituting a system that fairly compensates for this continuing cost of war.

Third, Congress must ensure that existing veterans’ benefits are paid accurately and on time in order to effectively fulfill their intended purpose. The ability of disabled veterans to care for themselves and their families often depends on the timely delivery of these benefits. But long waits and incorrect decisions by VA end up causing many disabled veterans and their families to suffer severe financial hardships; and these protracted delays can lead to further deprivation, bankruptcies, and even homelessness.

The reality today is that too many veterans continue to wait too long for their claims to be resolved, and the results are too often wrong. The problem, put simply, is that the VA benefits claims processing system is broken and must be reformed.

Although recent increases in staffing and funding were necessary to keep pace with a growing workload, it will take fundamental change to reform the claims processing system. VA needs to undergo a major cultural shift so that rather than focusing on production and cycle times, they concentrate on improving accuracy and quality. Instead of defining success as the elimination of the backlog, VA must realize that for veterans, success is having their claims done right the first time.

Mr. Chairman, the Veterans Benefits Administration (VBA) today is at a critical juncture in reforming its claims process. In November, VBA will roll out their new Veterans Benefits Management System (VBMS) as a pilot program at the Providence Regional Office (RO). At the same time, they are continuing to experiment with process improvements with more than 50 pilots ongoing at ROs across the country. Over the next six months, it is imperative that Congress provide strong oversight and leadership to help guide VBA towards real and lasting reform. The VBMS must receive the full funding required over the next several years, and it must be developed so that quality control is built-in at every stage of production. Congress must aggressively oversee VBA’s myriad of ongoing pilots and initiatives to ensure that “best practices” are adopted and integrated into a cohesive new

claims process. Each pilot or initiative must be judged first and foremost by its ability to help VA get claims done right the first time.

Fourth, we must fully support all families who have lost loved ones in service or who are caring for loved ones disabled in service. The true cost of war must include generous support for the widows and children of those who make the ultimate sacrifice in defense of our Nation. While nothing can restore their families, VA must ensure that survivor benefits are sufficient. One way Congress can help is by eliminating the offset of Survivor Benefit Plan (SBP) payments against Dependency and Indemnification Compensation (DIC) benefits to help these widows and their families.

To assist family caregivers of disabled veterans, Congress approved the “Caregivers and Veterans Omnibus Health Services Act of 2010” (Public Law 111–163) earlier this year. This historic law authorizes comprehensive benefits and services for family caregivers of severely wounded and disabled veterans, and we thank this Committee for its role in moving that legislation. Unfortunately, due to budgetary concerns, the law provided direct financial support to a limited set of caregivers: those caring for veterans with the most severe disabilities and only for caregivers of veterans from the most recent conflicts. The true cost of war includes the cost of supporting caregivers of all severely disabled veterans from all wars and eras, and we call on Congress to continue expanding this benefit until all such needs are met.

Fifth, we must ensure that disabled veterans receive high quality, comprehensive health care from a robust VA health care system; and that requires VA to have sufficient, timely and predictable funding. Congress made historic progress in health care funding reform last year with enactment of Public Law 111–81, the “Veterans Health Care Budget Reform and Transparency Act,” which authorizes Congress to provide one-year advance appropriations for VA health care programs. The law also requires VA to meet a number of financial and budgetary reporting requirements to assure the transparency necessary for Congress to make the new funding system work.

While DAV and our allies in the Partnership for Health Care Budget Reform remain grateful for the broad, bipartisan support that made advance appropriations a reality, we are concerned that less than one year later Congress and VA appear to be falling short of the promise of the law. With the new fiscal year beginning tomorrow—and no Federal budget in sight—the fact that we have advance appropriations for VA’s fiscal year (FY) 2011 medical care budget already in place demonstrates the importance and effectiveness of this new funding mechanism. However Congress’ failure to approve the regular FY 2011 VA appropriations before adjournment also means that there is no FY 2012 advance appropriation approved for next year. Moreover, the likelihood of a long-term continuing resolution makes it unclear when or whether Congress will approve the FY 2012 advance appropriation at all.

Furthermore, in a July 30 report required by Public Law 111–81, VA Secretary Shinseki stated that as a result of increased reliance on the VA health care system, as well as newly authorized caregiver programs, the level of funding contained in VA’s FY 2011 advance appropriation was no longer projected to be sufficient. Yet, the Secretary did not request any additional funding, instead indicating that VA could reprogram existing funding from other “lower-priority areas,” which is exactly why the report was required in the first place: to identify supplemental needs that manifest subsequent to the approval of advance appropriations.

Congress must ensure that the advance appropriations process, which was supported by virtually every member of the House and Senate on both sides of the aisle, is fully and faithfully implemented to assure sufficient, timely and predictable funding for VA health care. When VA reports that funding requirements have changed due to unforeseen circumstances, VA must request supplemental funding and Congress must provide such funding to fully meet their obligations to the veterans who rely on VA health care. The true cost of war includes the provision of comprehensive medical care to veterans, especially those disabled by their service, and that requires a fully-funded VA health care system.

Finally, we must ensure that our Nation never backs away from its sacred obligation, as Lincoln put it so eloquently, “. . . to care for him who shall have borne the battle, and for his widow and his orphan . . .” because of our government’s inability to keep its fiscal house in order. While the Federal Government faces serious financial and budgetary challenges that must be addressed, any Nation that fails to meet its obligations to those who served, sacrificed and suffered is a country already morally bankrupt. As such, any recommendations that seek to balance the budget on the backs of disabled veterans, whether they come from the President’s National Commission on Fiscal Responsibility and Reform, or from the Office of Management and Budget, or from any other source, must be rejected.

For example, there are those who would restrict access to VA health care to only the most severely disabled veterans or those requiring specialized care, as a way to reduce the price of VA health care and thus reduce the budget deficit. However, moving veterans out of VA care will force many of them to utilize Medicare, Medicaid or other public options that actually cost the Federal Government more per capita than the same care provided through VA. Moreover, efforts to shrink the size of the VA health care system or reduce it to so-called "core functions" threaten both the quality of care and the viability of the system itself. The true cost of war includes the cost of medical care to treat the wounds and disabilities of those who served.

Mr. Chairman, the true cost of defending our Nation, whether at war or in peace, includes the full cost to compensate and care for veterans, as well as to support their family caregivers and survivors. The Disabled American Veterans stands ready to work with this Committee and others in Congress to meet the sacred obligations to America's veterans, especially disabled veterans. That concludes my testimony and I will be happy to answer any questions the Committee may have.

**Prepared Statement of Major General
John Batiste, USA (Ret.), Rochester, NY**

As we observed the anniversary of September 11th, we all experienced very mixed emotions. On the one hand, we remember those whose lives were taken in the cowardly attacks on the World Trade Center, the Pentagon, and a field in Pennsylvania. As Americans, we continue to grieve with their families and loved ones. We are resolute and angry. We are incredibly proud of our troops and are grateful for their unimaginable sacrifices and selfless service. On the other hand, most of us do not feel any safer. The notion that the war in Iraq is over is disingenuous. There is no functional Iraqi government, the police force is corrupt and ineffective, the army is weak and focused on police missions, and the forces of sectarian violence are alive and well. The only thing that has changed in Iraq is the mission, but rest assured that our troops can and will transition back to combat at a moment's notice. We wonder where it is all going in Afghanistan and how the mission fits within a greater strategy. We have lost confidence in our elected leaders.

Our Veterans answered the call to serve, but America is letting them down. Americans were never mobilized in support of our troops in Iraq and Afghanistan. Some speak about a "Sea of Goodwill" of American support, but the truth is that there is no unity of effort or synergy between Federal, State, local, and community efforts in support of Veterans and their families. From the perspective of the Veterans Administration (VA), this is a huge opportunity lost. As the chair of the New York State Veterans Affairs Commission, I can tell you that there is an enormous gap between resources and the needs of Veterans in these wars. The VA system is seemingly overwhelmed and work to synchronize Federal, State, local, and community efforts is in need of serious attention. The cost of today's wars is staggering. We have spent over a trillion dollars and that number will multiply as the cost to care for our wounded is tallied over the decades to come. Over 5,500 Americans have given their last full measure in Iraq or Afghanistan and over 50,000 have been wounded. The number of Veterans suffering from traumatic brain injury and post traumatic stress disorder is in the hundreds of thousands. Far too much in support of our Veterans is simply not getting done. As I have said many times before, how we treat our Veterans defines our national character. How does it feel to receive a failing grade.

There is a void between the VA Central Office, the range of VA medical centers and regional State offices, and local Veteran service organizations. Federal and State Governments are not aligned to serve Veterans and their families. I believe that the VA Central Office should lead by promoting community participation and involvement in its outreach efforts and developing competitive grant-based opportunities for community service providers specializing in Veteran services. As it has been suggested, it will take a "Sea of Goodwill" with Federal, State, local, and community efforts working in unison. The VA desperately needs community participation as an extension of its programs. To make this happen, leadership is needed to mobilize communities in support of VA objectives.

From the State perspective, the New York State Division of Veterans Affairs is underfunded during a period of time when Veteran support requirements are exploding. The State is short the required county Veteran counselors and existing counselors lack training and certification. Some counties are doing a great job supporting their Veterans, but most are not. A major portion of the challenge is infor-

mation sharing. A web-based portal for all of New York State would go a long way towards informing our Veterans and reducing costs such as unused services, unsupported Veterans whose problems multiply in expense and complexity, and Veterans and their families who do not know about job, education, and career opportunities. Connecting all Federal, State, local, and private sector resources should be a top priority.

In his address to the Nation on August 31st, 2010, President Obama rightly recognized that "... one of the lessons of our effort in Iraq is that American influence around the world is not a function of military force alone. We must use all elements of our power—including our diplomacy, our economic strength, and the power of America's example—to secure our interests and stand by our allies." Sadly, the president is not walking the talk. Our government's decision-making process is not capable of developing a comprehensive national strategy to synchronize the elements of national power that the president described. The truth is that our government's interagency process is not capable of developing such a strategy. No one is in charge, there is no strategic planning process, and our government's 18 departments and agencies, to include the VA, are not unified with a common purpose. There is no teamwork with a bias for action. We do not have a government-wide strategy to deal with global terrorism or Islamic extremism, whatever we decide to call it. Without such a strategy, how can we put the sacrifice in Iraq and Afghanistan into context? How do Iraq and Afghanistan fit into the global context? How do we define success? How do we organize to better support our returning Veterans and their families?

Many people I talk with confuse our defense strategy with a national strategy. Rest assured that our Department of Defense has a great planning process and routinely develops defense strategies and operational plans. The problem is that there is no overarching government-wide national strategy with all departments and agencies engaged, resourced, and committed to achieving a common goal. In Iraq and Afghanistan, the Department of Defense is carrying the lion's share of the load without the benefit of the entire team. This is a huge failure of both the Bush and Obama administrations. If you don't know where you are going, any road will get you there. Along the way, the military industrial complex, incompetent and corrupt elected representatives, and zealous officials in and out of uniform have taken us in the wrong direction. At the end of the day, our Veterans and their families suffer for this failure.

I believe the root cause for our disconnected ventures in Iraq and Afghanistan, and our failure to properly care for our Veterans returning from war, is that America went to war in 2001 without a national strategy to deal with global terrorism with clearly defined ends, ways, and means. Indeed, such a strategy does not exist today. The president and elected representatives in Congress are expected and empowered to fix this. My recommendation is that Congress enact legislation to force upon our government's interagency process what the Goldwater Nichols Act did for the Department of Defense in 1986. Congress can force the interagency process to organize for success with clearly defined authorities, responsibilities, and a strategic planning process with trained planners in every department and agency. We expect and deserve a government that is capable of developing and executing serious strategic plans with a focus on teamwork and unity of effort. Short of this, we will continue to spin our wheels in responding to natural disasters, leaking oil wells, peak oil, controlling the integrity of our borders, properly attending to the needs of our Veterans and their families, and global terrorism. America can do better.

Why are Americans indifferent today that we are a Nation at war? Why are we less safe today than we were on September 11th, 2001? Why are we failing our Veterans and their families? Why are we introducing legislation to create a Veterans Trust Fund nearly nine years after commitment of troops into these wars? Part of the answer is that our government's interagency process is broken. Part of the answer is that our Federal Government lacks the process and trained planners to develop a real national strategy.

Thank God that America is resilient, but let's not confuse resiliency with purpose.

**Prepared Statement of Colonel James D. McDonough, Jr.,
USA (Ret.), President and Chief Executive Officer, Veterans'
Outreach Center of Rochester, NY**

Chairman Filner and Members of the Committee, I would like to thank you for the opportunity to appear before you today to discuss the true cost of war and its impact on veterans and their families. The truth about caring for veterans and their

families in this country is that for the vast majority, it's a "luck of the draw" proposition, determined largely by one's geographic location and proximity to advocacy and resources that defines success or failure as a veteran—some will draw the "card" needed at precisely the right time and place; others will not. Some veterans will get help, other veterans will not. The best we hope for is to find an advocate who can help teach us what it means to become a veteran of our armed forces. I say this confidently after serving twenty-six years in the active Army, becoming a veteran and serving the past three years as Director of New York State's Division of Veterans' Affairs.

The "true cost of war" in some part can be tracked by our country's willingness to consent to sending young men and women into battle—if willing to "spend it all," citizens, through their elected representatives, provide their consent in return for the understanding that the Nation will be behind each and every warrior and their family as they head into battle. The Nation will provide for their every need if the circumstances demand because we ask so much of each of them. This construct is fundamental to the American warrior, but is it shared by all in this country?

The "Sea of Goodwill"^[1] referred to by Major General Batiste during this morning's testimony before Congress is a phrase used by some in the Pentagon to describe and characterize how America views its support toward our veterans and their families, including me and mine. Whether or not that phrase aptly captures the sentiment of America nine years into war in Afghanistan or seven years into war in Iraq, is largely a point I dare say many Americans have not paused to think of, let alone determined, given the state of national rhetoric underway regarding our fragile economy, health care reform measures and educational standing in this world.

As the leader of the nation's oldest non-profit for veterans and their families, I question such claims that a galvanizing effort is underway in this country behind its veterans and their families. From my perspective, our citizenry is indeed supportive of sending young Americans *into* battle—we have their consent to do so, but little to nothing is understood about their actual needs upon *returning* from battle and reintegration back into the very community from which they departed. One reason for this is that our country lacks a coherent national strategy to not only go to war, but to come home and care for those who fought these wars as well. And like all wars, they're easier to start than end, as we're seeing daily in Afghanistan, Iraq and back in America in every state where our veterans and their families return to get on with their lives.

And while I believe that it's in our country's best interests to foster a "Sea of Goodwill" around caring for veterans and their families, only "ponds" and "lakes" currently exist in pockets across this country, unconnected by coordinating tributary, linking river or supporting stream. These separate and distinct efforts spring up daily but lack context, fit and perspective; often leaving veterans and their families only to receive a fraction of their earned benefits, access to health care and services to support their reintegration. There is no "Sea" in the "Sea of Goodwill," only disjointed smaller bodies of water which serve a minority of our veterans and their families, and very poorly at that. So how do we improve upon that?

We should start by leveraging community-based, private sector providers to better care for veterans and their families. At the end of the day, we want barrier-free access to services and our families included to address the aftermath of war.

On any given day in America, only about 36 percent of returning veterans actually use VA services, leaving 64 percent of returning veterans—and *their families*—somewhere outside the VA's portfolio of services and benefits, and remember, these are benefits and services they've earned due to volunteer active service in the United States Armed Forces. So the first thing to reckon with in creating the conditions necessary for a "Sea of Goodwill" to exist across this country is that our system designed to care for veterans—the United States Department of Veterans Affairs (the "VA")—must be more inclusive to capture a majority vs. minority of veterans.

To reach the 64 percent of returning veterans not using their services the VA must include community-based providers as part of a more coherent delivery network; private providers, supported by the VA and working alongside public providers, to deliver barrier-free and high quality veterans services, benefits and programs. The place to start is with our families since that's where the VA is not charged with any responsibility, outside its Veteran Centers. To think for a moment that you can somehow effectively "treat" the veteran absent his/her family, where

^[1] **Sea of Goodwill.** *Matching the Donor to the Need*, (A White Paper) Major John W. Copeland and Colonel David W. Sutherland, Office of the Chairman of the Joint Chiefs of Staff, Warrior and Family Support.

residual damage and harm lingers, fails to understand one of the “true costs . . . of these wars,” namely that our families—spouses and children—have become casualties as well. Like other veteran families, my own is now different because of my service to my country, which is a dynamic unlike any other dynamic associated with fighting our Nation’s previous wars. So to understand the “true cost of war,” the system in place to care for veterans and their families must work to account for and include all of us who have served, and our families. How this country supports a system of care for a minority of veterans—at the expense of the majority—is something we all need to understand in order to advocate for change.

Vietnam was largely a young, single male experience. Afghanistan and Iraq is similar age-wise (young), but not exclusively the domain of single males anymore, for today women comprise between 15 and 17 percent of the active armed forces. Add to this demographic the fact that many servicemembers are now married and with families of their own. So much that my Army talked of “recruiting” an individual soldier, but “reenlisting” a family, out of recognition that soldiers would serve again, despite the hardship endured, as long as they knew their family would be taken care—and they would be. But what happens when that family becomes the family of a veteran? Is the sense of caring the same? Unequivocally, I can tell you that the feeling of caring is not. When servicemembers and their families separate from service one of the first things experienced is a sense of isolation from their community. I see it nearly every day as families visit us at Veterans Outreach Center in downtown Rochester (New York).

New York State remains the fifth most populous state in the country when it comes to its veteran population (and their families). Nearly one million veterans call New York State home. Almost 90,000 New Yorkers have served in Afghanistan, Iraq or both since September 11, 2001. If you accept that 36 percent of all returning veterans are actually using VA services and these rates are actually emblematic of broader VA usage rates, in New York State there are roughly 640,000 veterans accessing health care, benefits and services outside the system designed to support their needs. Add to this figure their families and you understand that most veterans are being cared for in a community setting. In our community-based counseling center at Veterans Outreach Center we see on average 53 new veterans and family members every month. Our housing services (emergency, transitional, supportive and independent) for homeless veterans operate at capacity (28 “units”) every month; we have a waiting list just to get in and you can “stay” with us for up to two years if need be. 25 percent of our census is comprised of veterans who have served in Afghanistan, Iraq or both, which brings me to my second major point:

The “true cost of these wars” must include the “sunk cost” of underwriting a troubled force

A 350-page report issued in July after a 15-month investigation into the Army’s rising suicide rate found that levels of illegal drug use and criminal activity have reached record highs, while the number of disciplinary actions and forced discharges were at record lows. The result, the Army found, is that “drug and alcohol abuse is a significant health problem in the Army.”^[ii] Where the Army once rigidly enforced rules on drug use, it got sloppy in the rush to get soldiers ready for the battlefield. From 2001 to 2009, only 70 percent of DUIs and 61 percent of positive drug tests were referred to the Army’s substance abuse program, and drug testing became haphazard. In 2009, 78,517 soldiers went untested for illegal drugs. Statistically, the Army estimated that 1,311 offenders probably escaped detection. Where did they go? Said General Peter W. Chiarelli, Vice Chief of Staff of the Army, “we’ve got kids that are going to have some behavioral health issues. The real hard part for us to determine, ‘OK, I am willing to help this kid, but how long can I help him?’”

These troubled “kids” have since separated and are now veterans and are back in every community in this country. As I stated a moment ago, they make up 25 percent of the homeless veterans we serve every day in upstate New York. How much of the “Sea of Goodwill” even understands this fact? We do because we see it every day; another “lake” amongst other “lakes,” but certainly not within any “Sea of Goodwill” that America buys into when it provides Congress its consent to go to war.

Lastly, I encourage Congress to stop spending scarce resources on brick & mortar VA facilities which continue to under-serve our veterans and their families. Like its sister department, the Department of Defense, the Department of Veterans Affairs maintains an aging infrastructure, some of which exists in locations no longer conducive to serving veterans. **A BRAC-like process is needed to reform where**

^[ii] **McClatchy Newspapers**, “As wars wind down, U.S. Army faces its problems,” Greensboro, NC News & Record, Sunday, September 19, 2010.

and how the VA and its community partners deliver health care and services to veterans and their families. Geography plays a significant role in proximity to services in our state (like most others) and when you get there after your 1.5 hour drive from Victor to Batavia, New York, what do you see when you walk toward the lobby of the Batavia VA Medical Center? You're greeted by a sign that reads "No Emergency Services," limited primary care capacity and only a small handful of actual services. Veterans and their families enter a lobby that is well-worn, devoid of younger veterans, and certainly absent of women veterans.

If this is part of the "Sea of Goodwill" the Pentagon likes to speak of, where actually is the "Goodwill?" Why, if we are the greatest country in the world—the one that prides itself on reminding others it "cares for those who served,"—do we continually pour good money down bad holes and experience the same sub-standard level of care we've come to almost expect as veterans? Has it become that bad, that our expectation as veterans is to be cared for poorly? Could a national strategy help? It certainly can't hurt, just as legislation to create a Veterans Trust Fund can't either. An up-front investment to be made prior to going to war serves to remind everyone that the true cost of war is calculated differently; that human factors—families, children, spouses, veterans—actually have real value and that their care must be accounted for to receive our nation's true consent to wage war. If America paused for only a moment to count the true cost it just might not like the price tag associated with their consent. As a veteran, and now someone who cares for veterans and their families in a community setting, perhaps the cost of obtaining the Nation's consent is the greatest cost to be calculated beforehand.

Chairman Filner and Members of the Committee, I appreciate the opportunity to speak before you today. Thank you. This completes my statement. I am happy to answer any questions the Committee may have.

**Prepared Statement of Major General William L. Nash,
USA (Ret.), Washington, DC (Independent Consultant)**

Thank you, Mr. Chairman. And thank you and the Committee on Veterans' Affairs for your work on behalf of the members of our Armed Forces and their families. Your work is crucial and I believe this hearing is most important. I would also like to thank Secretary of Veterans Affairs, Eric K. Shinseki for his wisdom, initiative and hard work on behalf of veterans and their families. General Shinseki is an old friend, and I could not be happier for the Nation in having him lead the Department of Veterans Affairs.

When I was a fairly young commander in Germany in the early 80s, I worked for a commanding general who drew a clear distinction between "love of soldiers" and "care for soldiers." He used to say that everyone "loved" soldiers, but fewer knew how to take care of them. By that he meant, that not every commander had the necessary understanding of how the various Army systems worked in order to ensure that soldiers were equipped, trained, fed, compensated, and housed. Those efforts required expertise and resources and great energy to accomplish successfully. It was a lesson all commanders need to learn early in their careers.

The same is true at the national level when talking about veterans. Yellow ribbons and bumper stickers are nice; so are standing ovations at ball games and 4th of July speeches. But they don't do the job of taking care of veterans and their families. For that you need expertise and resources and great energy.

One important aspect of this endeavor is the need to anticipate requirements. As we have seen for many years and again this morning, the preparation for the wars in Afghanistan and Iraq were inadequate. Basically, we as a Nation failed to understand the consequences of our actions abroad or at home. Hence, we failed to prudently prepare for those consequences.

Our soldiers, sailors, airmen and Marines sign an unlimited liability contract when they join the armed forces. The co-signers are their families. And we as a Nation, having chosen to have an all-volunteer force, must underwrite these contracts to full value.

Thus I am troubled as to the current state of preparedness to care for our veterans and their families. While significant progress has been made in many areas, there is much more to be done by both the executive and legislative branches of our government. We know that more than 450,000 veterans from Afghanistan and Iraq have submitted disability claims. More are coming; many more are to be expected. This is a long-term, life-time challenge.

Mr. Chairman, you have recognized that there are "more than one million claims and appeals jammed in a fatally-flawed system." As you have stated, the benefits

claims processing system must be reformed. We must increase our capacity to handle the volume of applications as well improve the accuracy of initial claims decision. Drastic improvements are needed in the current appellate process. We must recognize and do something about the direct relationship between the shortages of behavioral health specialists and substance abuse counselors and the high suicide rates of veterans as well as the other ramifications of the dramatic numbers of post traumatic stress experienced by personnel returning from Afghanistan and Iraq.

In other words, Mr. Chairman we need more expertise, more resources and even more energy. As to resources, I would add that a forced savings program—a Veterans' Trust Fund—seems to me to be a sound and prudent initiative to help meet long-term needs.

It is the long-term that requires our attention. Care for our veterans and their families requires a broad perspective that goes well beyond the responsibilities of the Department of Veteran Affairs. Our citizens have determined that the Nation will be defended by volunteers, active and reserve, who serve because they have chosen to serve. And as I said before, that commitment is unlimited in scope. So as we look at veteran issues, we must examine the entire package of pay and benefits that we citizens are willing to spend in order to recruit, retain and reward the small group of soldiers, sailors, airmen and Marines that go in harms' way to defend our Nation. We have not done enough.

I was privileged to serve for over thirty years with those dedicated public servants. I was also responsible at times to give the direct order to face battle and its horrible consequences. I never hesitated to look them in the eye as I gave those orders because I knew we were individually and collectively capable and dedicated. But I also knew that we were committed to caring for our dead and wounded—no soldier left behind. So must our Nation—we care for those who serve—now and forever. Thus, Mr. Chairman, I look you in the eye and ask you and the Committee and the Congress to give to our veterans the very best expertise, resources and energy possible.

Thank you.

**Prepared Statement of Paul Sullivan,
Executive Director, Veterans for Common Sense**

Veterans for Common Sense (VCS) thanks Committee Chairman Filner, Ranking Member Buyer, and Members of the House Veterans' Affairs Committee for inviting us to testify about "The True Cost of War," and the consequences of the Iraq and Afghanistan conflicts. We are honored to be in the company of experts, advocates, and fellow veterans to discuss this important long-term issue.

VCS begins by presenting the Committee with the most salient official government statistics about the human and social costs of the current conflicts. Our top priority for this hearing is to inform Congress, the press, and the American public about the human cost of the Iraq and Afghanistan wars because everyone in our country is impacted by high taxes, spending, and lost opportunity costs caused by war.

As of March 2010, government statistics show 565,000 new veteran patients were treated at Department of Veterans Affairs (VA) hospitals and clinics since 2001. As of today, based on an average of 9,000 new patients each month, VCS estimates the current count of VA patients is approximately 619,000.

The significant post-deployment statistics about our veterans must be contrasted with events during 2002, when the Administration had no casualty estimate, no plan to monitor or estimate fatal or non-fatal casualties, no plan for caring for non-fatal casualties, and no dedicated long-term funding for non-fatal casualties.

The consequences of the war are high, especially for non-fatal casualties. There is a general lack of awareness about the hundreds of thousands of post-deployment casualties. And there appears to be a lack of urgency to adequately and promptly meet our veterans' growing needs. Therefore, VCS urges Congress to pass a new law mandating that the Administration must estimate, monitor, plan, and fund health care and disability benefits for our casualties before starting or entering into a war.

VCS broadly defines casualty. This includes battlefield deaths, and caring for our grieving families. Casualty includes our servicemembers who become wounded, injured, or ill on the battlefield as well as during training. This includes post-war medical conditions among our veterans not immediately apparent while in the military, such as toxic exposures, traumatic brain injury, and mental health conditions.

Part One: Official Statistics

Government statistics paint a disturbing picture of enormous human suffering among our servicemembers and veterans. VCS obtained the following facts from the Department of Defense (DoD) and VA using the Freedom of Information Act (FOIA).

According to DoD:

- At the end of August 2010, a total of 5,670 U.S. servicemembers died in the Iraq War and Afghanistan War combat zones.
- At the end of August 2010, a total of 91,384 U.S. servicemembers in the two war zones were wounded or were medically evacuated due to injuries or illnesses that could not be treated in the war zones.
- The grand total of U.S. battlefield casualties is more than 97,000.

According to VA:

- As of March 2010, VA treated and diagnosed 565,000 new, first-time Iraq War and Afghanistan War veteran patients. Again, based on VA data trends, VCS conservatively estimates VA has treated 619,000 patients as of today.
- VA's count **excludes** veterans who sought private care, retired veterans treated by the military, and student veterans treated at campus clinics. VA's count also excludes treatment for wounded, injured, or ill civilian contractors.
- As of June 2010, VA received 513,000 disability compensation and pension claims filed by our Iraq War and Afghanistan War veterans.

VCS Analysis:

- When VA and DoD reports are viewed side-by-side, VA data reveals 100 new, first-time veteran patients for each battlefield death reported by DoD.
- At the current rate of approximately 9,000 new veteran patients and claims entering the VA medical and benefits systems each month, VCS estimates a cumulative total of one million patients and claims by the end of 2014.

Missing Facts:

In order for VA and DoD to properly manage the human and financial cost of providing medical care for our casualties, more robust data must be collected and analyzed immediately by the Administration, Congress, academics, and advocates.

- VA must be able to answer simple, straightforward questions. For example, what is the total number of unique deployed Iraq and Afghanistan war veterans who have received any VA benefit (health care, disability, etc.) since returning home? In another example, is VA able to accurately and consistently provide the expenditures for all of these VA programs? VCS remains alarmed VA is incapable and unwilling to answer these two easy questions.
- DoD and VA must prepare an official accounting of the financial costs for medical care, disability benefits, education benefits, life insurance, home loan guaranty, and all other DoD and VA benefits for servicemembers, veterans, and families. For the past several years, VCS has requested this information from VA using the Freedom of Information Act. VA has not provided any cost data. Starting in 2001, VA employees urged VA leaders to begin tracking war-related benefit use and costs, and nearly all requests were refused.
- DoD must provide an accounting of all discharges by type and branch of service, sorted by year, to monitor trends for both deployed and non-deployed servicemembers since 1990. Two prior hearings by this Committee documented tens of thousands of improper discharges, often for veterans at high risk of readjustment challenges due to TBI and PTSD. As the number of less than fully honorable discharges increases, additional highly vulnerable veterans flood into society. Many of these veterans either don't seek VA assistance or are refused VA help, instead turning to private, state, local, or university campus programs for assistance that should have been provided by the Federal government.
- VA should monitor negative post-deployment outcomes, such as homelessness, suicides, divorce, and crime, as well as state, local, and private expenditures on veterans. The most important oversight remains the Administration's inability to provide complete and accurate active duty, Reserve, National Guard, and veteran suicide data. Every year DoD has set new, and highly disturbing, records of active duty suicides. Most of the initial monitoring began with FOIA requests from advocacy organizations or journalists investigating patterns of disturbing developments such as suicides, homicides, unemployment, and homelessness. VA and DoD only began limited monitoring and re-

search after repeated advocacy organization, media, and Congressional inquiries.

- The Department of Labor should monitor unemployment and underemployment, both for veterans and families. Veterans often move from the military installation to their home town shortly after discharge. Often, these cross-country moves uproot spouses from their jobs. The use of the Post-9/11 GI Bill, legislation introduced by Senator Jim Webb of Virginia, by hundreds of thousands of Iraq and Afghanistan war veterans may be masking already alarming reports of high unemployment among returning veterans.
- VA and DoD should monitor and report on the positive post-combat, post-deployment, and post-military outcomes of our veterans. For example, new businesses started by veterans, higher wages earned by veterans, diplomas earned by veterans, increased homeownership among veterans, and other signs of a vibrant post-war adjustment to civilian life.
- VCS provides additional examples of the cost of war at the end of our statement. The important statistics were summarized by reporters in the article, "The Numbers," published last weekend by the Fayetteville Observer.

Part Two: Need for Trust Fund and National Plan

VCS believes we must learn from the past so we do not repeat mistakes. VCS endorses the Vietnam Veterans of America, when they remind us that, "Never again shall one generation of veterans abandon another." This is why Veterans for Common Sense fully endorses the proposal by Linda Bilmes and Joseph Stiglitz to create a Trust Fund to make sure our veterans receive the health care and benefits they earned.

As a non-profit advocacy organization, VCS uses the Freedom of Information Act to obtain data from DoD and VA to monitor and publicize the needs of our veterans. VCS was honored to provide our data to Linda Bilmes and Joseph Stiglitz for their book, *The Three Trillion Dollar War: The True Cost of the Iraq Conflict* (2008). In their ground-breaking work on the subject of the cost of war, Bilmes and Stiglitz called for the creation of "A Veterans Benefit Trust Fund . . . so that veterans' health and disability entitlements are fully funded as obligations occur." In their book, the experts stated:

There are always pressures to cut unfunded entitlements. So, when new military recruits are hired, the money required to fund future health care and disability benefits should be set aside ("lockboxed") in a new Veterans Benefit Trust Fund. We require private employers to do this; we should require the armed forces to do it as well. This would mean, of course, that when we go to war, we have to set aside far large amounts for future health care and disability costs, as these will inevitably rise significantly during and after any conflict ("Reform 12," page 200).

The issue of establishing a Trust Fund is timely because we have now endured nine years of war in Afghanistan, and seven years of conflict in Iraq. In 1995, Congress was forced to intervene and appropriate \$3 billion in emergency funding for VA. One of the main reasons cited by VA for the funding crisis was the unexpected and unanticipated flood of Iraq and Afghanistan war veterans. Thanks to the strong pro-veteran leadership of Senator Patty Murray, the daughter of a war veteran, VA was given additional resources to meet the tidal wave of new, first-time Iraq and Afghanistan war veteran patients flooding into VA.

VCS remains a strong supporter of VA, and VA has made many improvements in personnel, budgeting, and policies in the past 20 months. VCS wants VA to live up to the high standard set by President Abraham Lincoln: "To care for him who shall have borne the battle and for his widow and his orphan." VCS encourages Congress, VA, and DoD to learn lessons from past mistakes. VCS urges Congress to mandate national monitoring and planning for the return of our servicemembers. A national plan must also include fully funding all needed health care and benefits for our veterans.

Honoring and remembering our fallen, our wounded, our injured and ill, VCS quotes the eloquent poetry of Archibald MacLeish, a World War I veteran and former head of the Library of Congress. During World War II, MacLeish wrote:

They say, We leave you our deaths: give them their meaning: give them an end to the war and a true peace: give them a victory that ends the war and a peace afterwards: give them their meaning.

As an organization of war veterans, Veterans for Common Sense is here today to give meaning to all of our nation's fallen, wounded, injured, and ill who deployed

to Southwest Asia since 1990: Our Nation must learn the painful lessons from prior wars and take care of our veterans who enlist in our military to protect and defend our Constitution, even when the American public does not support the war.

Gulf War combat veterans formed VCS in 2002. After our return from Iraq in 1991, we veterans learned President George H. W. Bush led our nation to war based on false pretenses. There was no formal declaration of war by Congress, only an “authorization for the use of force.” There was no threat to our Constitution or the safety of our Nation, as this first invasion of Iraq was a war of choice.

The most painful lesson for Gulf War veterans has been the continuing lack of a national plan to care for our returning veterans, starting in 1991. The brutal irony today is the fact the Agent Orange Act of 1991 was enacted by Congress shortly after the Gulf War began, nearly 25 years after the Vietnam War began. On October 30, 2010, VA is set to finally begin, in earnest, providing additional health care and disability benefits to seriously ill Vietnam War veterans due to exposure to Agent Orange.

We tried to learn a lesson from past government mistakes. On March 10, 2003, as our Nation prepared to re-invade Iraq, VCS petitioned for calm and reason. As war veterans who actually served on Iraqi battlefields during 1991, VCS wrote a detailed letter to President George W. Bush co-signed by 1,000 veterans:

Over the long-term, the 1991 Gulf War has had a lasting, detrimental impact on the health of countless people in the region, and on the health of American men and women who served there. Twelve years after the conflict, over 164,000 American Gulf War veterans are now considered disabled by the U.S. Department of Veterans Affairs. That number increases daily . . . Further, we believe the risks involved in going to war, under the unclear and shifting circumstances that confront us today, are far greater than those faced in 1991. Instead of a desert war to liberate Kuwait, combat would likely involve protracted siege warfare, chaotic street-to-street fighting in Baghdad, and Iraqi civil conflict. If that occurs, we fear our own nation and Iraq would both suffer casualties not witnessed since Vietnam.

We regret to inform you that the White House never answered our letter. President George W. Bush started his war of choice based on false pretenses. He ignored the wise and experienced counsel of the only group of living Americans who had ever fought in Iraq. Our veterans who raised serious, legitimate concerns about escalating the Gulf War with another invasion of Iraq were brushed aside in the rush to war.

Earlier, on October 12, 2002, our VCS Executive Director, Charles Sheehan Miles, published an editorial criticizing the Congressional Budget Office (CBO) for failing to estimate the cost of caring for war and post-war casualties. The decorated Gulf War veteran wrote:

In a surprisingly rosy cost estimate of something which can't be accurately estimated, the Congressional Budget Office Monday released an analysis of what Gulf War II might cost in real dollars paid by U.S. taxpayers. Only they left out the most important part: the casualties. The CBO estimate is naïve and unrealistic when you consider the kind of war we are preparing to enter—an open-ended war of regime-change and occupation and empire building that may involve heavy casualties in an urban setting such as Baghdad. The CBO report is illuminating and instructive for what it avoids. CBO uses the word “assume” 30 times, “uncertain” 8 times, “unknown” 4 times. Finally, twice it says there is “no basis” for an estimate on key items. In other words, it's a wild guess: kind of like taking your broker's advice to buy Enron or WorldCom last summer. CBO states up front: “CBO has no basis for estimating the number of casualties from the conflict,” **therefore, any discussion of casualties was simply excluded.**

At the end of the day, robust monitoring, planning, implementation, and oversight are best for our returning veterans. VCS advocates pre- and post-deployment exams, as required by the 1997 Force Health Protection Act (PL 105-85) as well as hiring more DoD medical professionals to provide exams and treatment. VCS believes early evaluation and treatment are best because treatments are the most effective and often the least expensive. Recently published medical research conducted by Dr. Susan Frayne, of the VA Palo Alto Health Care System and Stanford University supports our VCS advocacy. Dr. Frayne told *Businessweek* on September 24, 2010:

Looking to the future, the impetus for early intervention is evident. If we recognize the excess burden of medical illness in veterans with PTSD who have recently returned from active service and we address their health care needs

today, the elderly veterans of tomorrow may enjoy better health and quality of life.

Conclusion

Why does Veterans for Common Sense care about the U.S. casualties from the Iraq and Afghanistan wars? Our founders are Gulf War veterans, and many Iraq War and Afghanistan War veterans are members. When we returned home, we encountered a DoD and VA medical system unable and unwilling to listen to our concerns about toxic exposures in Iraq and Kuwait in 1991. Based on our experience, in late 2002, we saw the handwriting on the wall: misleading information to start another war of choice. There were other disturbing signs: CBO, the White House, VA, and DoD had no post-deployment plan. As Gulf War combat veterans and advocates, we could see that in 2002 the George W. Bush Administration was going to repeat the miscalculation the George H. W. Bush Administration made in 1990 by failing to estimate or prepare for the true long-term costs of war. This unique hearing presents us with a rare opportunity to begin a dialog and plan for our long-term casualties.

The statistics describing the damage to our Gulf War veterans are stunning in depth and scope. As of 2009, the widely respected and credible Institute of Medicine, part of the National Academy of Science, estimated as many as 250,000 Gulf War veterans remain ill after exposures to toxins while deployed to Southwest Asia during Desert Shield, Desert Storm, and Provide Comfort between 1990 and 1991. This research, mandated by the "Persian Gulf Veterans Act of 1998," is confirmed by VA's Research Advisory Committee on Gulf War Veterans' Illness.

Here are the two messages VCS sends to Congress, VA, DoD, and fellow Americans. First, as of today, VCS estimates our nation currently has as many as 619,000 Iraq and Afghanistan war veteran patients, plus a similar number of claims. VA can reasonably expect another half million new veteran patients from the two wars by the end of 2014, for a total of one million current war veteran patients and claims. This estimate is supported by the fact 44 percent of current Iraq and Afghanistan war veterans were already treated at VA. Based on 2.2 million servicemembers deployed to the two war zones, that also equals one million patients. Second, our nation has no strategic plan to identify, monitor, treat, and compensate those veterans.

In order to resolve this current problem, Veterans for Common Sense urges Congress to demand transparency from DoD and VA. Furthermore, VCS urges Congress to establish a Trust Fund, as proposed by Linda Bilmes and Joseph Stiglitz, so our Nation never again faces billion-dollar budget shortfalls at VA and national scandals such as Walter Reed.

Again, we thank Chairman Filner and Ranking Member Buyer for your interest in this important issue. As a Gulf War veteran, I remain impressed with your advocacy for our veterans. We want our service to our Nation to have meaning. However, I remain deeply disappointed how, after 20 years of warfare in Iraq and neighboring countries, our Administration can't tell us, with accuracy, the full human and financial costs of the conflict. Even more troubling is the lack of monitoring, planning, and funding to provide care and benefits for we who have defended our Constitution. Please fix this now.

* * *

News Articles Cited by VCS:

The wars in Iraq and Afghanistan have taken a toll on soldiers that isn't readily visible. In a five-part series published on September 26, 2010, in The Fayetteville Observer and on www.fayobserver.com, reporters Greg Barnes, Jennifer Calhoun and John Ramsey examine the mental health challenges facing Fort Bragg and how they will impact the military and civilian communities.

"The Numbers"—A look at some of the research into the mental health of soldiers and their families.

- A. 38 percent of Army soldiers and 31 percent of Marines report symptoms of psychological problems. The figure rises to 49 percent for members of the National Guard. Source: Department of Defense Task Force on Mental Health, June 2007.
- B. Lengthy U.S. Army deployments increase the occurrence of depression, anxiety, sleep disorders and other mental health diagnoses for soldiers' wives left at home. Among women whose husbands were deployed during the study period, 36.6 percent had at least one mental health diagnosis. Source: Jan.

- 2010 study by RTI International, the University of North Carolina at Chapel Hill and the Uniformed Services University of the Health Sciences.
- C. The overall rate of child abuse and neglect was more than 40 percent higher while a soldier-parent was deployed for a combat tour than when he or she was home. Source: Study in 2007 by RTI International and the University of North Carolina at Chapel Hill's School of Public Health. The study was funded by the U.S. Army Medical Research and Materiel Command.
 - D. The overall rate of child abuse and neglect was more than 40 percent higher while a soldier-parent was deployed for a combat tour than when he or she was home. Source: Study in 2009 led by Dr. Eric M. Flake of the Madigan Army Medical Center, Tacoma, Wash.
 - E. Children of U.S. military troops sought outpatient mental health care 2 million times last year, double the number at the start of the Iraq war. The number of military children who were hospitalized for mental health reasons also skyrocketed, from 35,000 to 55,000 during that time. Source: 2009 analysis of internal Pentagon documents by The Associated Press.
 - F. Researchers found that 37 percent of Iraq and Afghanistan war veterans who used the veterans health system for the first time between April 1, 2002, and April 1, 2008, received a mental health diagnoses. Of those, 22 percent were diagnosed with PTSD, 17 percent with depression and 7 percent with alcohol abuse. One-third of the people with mental health diagnoses had three or more problems, the study found. The study says fewer than 10 percent of the veterans diagnosed with PTSD received the appropriate level of care at VA facilities. Source: 2010 study by the San Francisco VA Medical Center and University of California-San Francisco.
 - G. Stigma remains a critical barrier to accessing needed psychological care. Analysis revealed that 20 percent to 50 percent of active duty servicemembers and Reservists reported psychosocial problems, relationship problems, depression and symptoms of stress reactions, but fewer than 40 percent sought help for their problems. Source: Report of the Department of Defense Task Force on Mental Health, June 2007.
 - H. "The Task Force was not able to find any evidence of a well-coordinated or well-disseminated approach to providing behavioral health care to servicemembers and their families... Another concern identified by the Task Force involves the care provided to servicemembers as they transition from the Military Health System to the VA system." Source: Report by the American Psychological Association Presidential Task Force on Military Deployment Services for Youth, Families and Servicemember, 2007.

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"Veterans With PTSD Suffer More Physical Ailments Than Their Peers; Female vets with disorder plagued by more medical illnesses than male counterparts, study shows."

Published on September 24, 2010, by *HealthDay News /Businessweek*

U.S. soldiers with post-traumatic stress syndrome (PTSD) returning from the wars in Iraq and Afghanistan suffer more physical ailments than those with no mental health issues, and this effect is stronger in women than men, a new study shows.

The findings suggest that veterans with PTSD need closer integration of their physical and mental health care, said Dr. Susan Frayne, of the VA Palo Alto Health Care System and Stanford University. The study appears online in the *Journal of General Internal Medicine*.

The researchers analyzed data from more than 90,000 U.S. veterans who used VA services and found that women with PTSD had a median of seven physical ailments, compared with a median of 4.5 among those with no mental health issues. Lower spine disorders, headache and leg-related joint disorders were the most common physical complaints.

Among men, those with PTSD had a median of five physical ailments, compared with a median of four for those with no mental health concerns. Lower spine disorders, leg-related joint disorders, and hearing problems were the most common physical conditions.

"Health delivery systems serving our veterans with post-traumatic stress disorder should align clinical services with their medical care needs, especially for common diagnoses like painful musculoskeletal conditions," Frayne said in a journal news release. "Looking to the future, the impetus for early intervention is evident. If we recognize the excess burden of medical illness in veterans with PTSD who have re-

cently returned from active service and we address their health care needs today, the elderly veterans of tomorrow may enjoy better health and quality of life," she concluded.

**Prepared Statement of Lorrie Knight-Major,
Silver Spring, MD (Mother of Veteran)**

Good morning Chairman Bob Filner, Ranking Member Steve Buyer, and Members of the Committee. Thank you for the opportunity to share my personal experience with the Military and the Department of Veterans Affairs. The following details my family's experiences with Ryan's journey and the significant role that the nonprofit communities played in helping my injured soldier regain his independence.

My name is Lorrie Knight-Major. I am the mother of Sergeant Ryan Christian Major. On November 5, 2003, Ryan enlisted in the U.S. Army for a three year term, which was later extended for an additional five months. On November 10, 2006 at 0300, five days after his original discharge date and two months prior to his redeployment from Iraq to the U.S., Ryan was critically wounded as a result of an improvised explosive device (IED) blast while on a mission with his unit on a foot patrol in Ramadi. The device was hidden under ground. As a result of the blast, Ryan sustained multiple massive injuries including:

- Both legs were amputated above the knee;
- Both arms were broken with multiple fractures;
- Extensive peritoneum injuries;
- Severe right pelvic fracture; and
- Traumatic Brain Injury and post traumatic stress disorder

As I recall the events following the blast as a mother and a caregiver, I am reminded of the pledge that soldiers take when they enlist, the Soldier's Creed. I ask that each one of you listen closely and reflect on America's solemn oath to providing the necessary resources to our military.

A Soldier's Creed

I am an American Soldier. I am a Warrior and a member of a team.
 I serve the people of the United States, and live the Army Values.
 I will always place the mission first. I will never accept defeat.
 I will never quit. I will never leave a fallen comrade.
 I am disciplined, physically and mentally tough, trained and proficient in my warrior tasks and drills.
 I always maintain my arms, my equipment and myself.
 I am an expert and I am a professional.
 I stand ready to deploy, engage, and destroy, the enemies of the United States of America in close combat.
 I am a guardian of freedom and the American way of life.
 I am an American Soldier.

I met Ryan at his bedside in the intensive care unit in Landstuhl, Germany, three days after I had received the news. He was barely hanging on. I was frightened beyond description. But as bad as Ryan looked, I knew in my heart, he was a fighter. As a child, he had challenged every line I had drawn in the sand. Now I was certain that his determination would save his life. Although he lay there helpless, I believed that if given a fighting chance and the best possible medical care available, Ryan would persevere.

Within 24 hours of our arrival in Landstuhl, doctors had stabilized Ryan for transport to Walter Reed Army Medical Center. Ryan underwent multiple surgeries while at Walter Reed. On January 3, 2007, Ryan was moved by ambulance to the R Adams Cowley Shock Trauma Center at the University of Maryland Medical Center (Shock Trauma). Shock Trauma is world renown for managing difficult traumas and complicated infections and is the only freestanding hospital center in the world dedicated to trauma.

Within hours of Ryan's admission to Shock Trauma, the Pain Team was on board employing its unique holistic approach to treatment. The team used a host of tools including narcotics, Reiki therapy, massage therapy and, later, acupuncture. For the first time in three weeks, Ryan was able to sleep through the night peacefully, as the staff turned him every two hours.

On January 31, 2007, Ryan was transferred to National Rehabilitation Hospital (NRH) where he spent the next seven months. But getting Ryan into NRH wasn't easy because he was an enlisted soldier. It took multiple meetings with military

staff, but ultimately they granted permission. I convinced them that NRH had a proven track record and that Ryan's family and friends could routinely visit—support I felt would be critical to his successful recovery.

Before going to NRH, we were given four options of VA polytrauma hospitals in the U.S., but none were close to home. Ryan's transfer to any of them would have required me to travel out of state and live for many months far from home, without social support and away from my job, while leaving my minor child at home. Our veterans should have access to Regional Trauma Hospitals and nationally recognized rehabilitation facilities that possess expertise on polytrauma that are located near their homes. Our family was very fortunate to live in the national capital region, home of two of the finest medical facilities, R Adams Cowley Shock Trauma Center at the University of Maryland Medical Center and National Rehabilitation Hospital. Most families I have met or talked to don't live in close proximity to hospitals such as these in their home towns. Most families of severely injured soldiers travel across state lines and live in hospital and hotel rooms to be near their injured soldiers for many months placing additional burdens on an already emotionally fraught time period.

For the first two months after Ryan's injuries, we were not certain if he would survive. He was in a coma fighting for his life. He battled serious infections and underwent surgeries daily. Once we crossed those bridges and it appeared very likely that he would survive, I started to plan for his return home.

Because of the wheelchair, I knew that major structural changes to our house were needed to accommodate him. Two separate architects examined our home and determined that a stair lift wasn't feasible. They both said that we needed an elevator. I didn't know how I would accomplish the huge task of making our home wheelchair accessible.

Through the VA, there are three grants available for constructing an adapted home or modifying an existing home to meet veterans with service connected disabilities' adaptive needs: the Specially Adapted Housing Grant, The Special Home Adaptation Grant and the Home Improvements and Structural Alterations Grant (HISA), which require separate applications to the Veterans Health and Benefits Administrations. HISA does not require a service connected disability. To access the maximum funding through these grants, veterans have to own the homes where the modifications will be done. Up to half of the injured soldiers are single and they return home to live with their parents, other family members, or friends. Therefore, access to funding through the VA is limited to fourteen thousand dollars (\$14,000.00) for work done on someone else's home where the veteran will live.

In 2007, when I was looking for available housing resources, the grant provided fifty thousand dollars (\$50,000). Now the grant provides sixty thousand dollars (\$60,000). For the modifications that our home required, it wasn't enough money. The grant would have only paid for the elevator to be installed which would have carried him from the garage into the first floor of the house. But the bedrooms were located on the second floor.

Fortunately, by word of mouth, I was informed about Rebuilding Together, a national non-profit organization that provides home rehabilitation and modification services to homeowners in need. In 2005, Rebuilding Together launched its Veterans Housing Program to address the needs of soldiers returning from Iraq and Afghanistan. This program has been expanded to help veterans of all wars, and is now sponsored by Sears Holdings Corporation.

Rebuilding Together's Veterans Housing Program to date has rehabilitated and modified the homes of 725 veterans and 25 veterans' centers. Their overall mission is homeownership preservation for those in need, and their 200 affiliates nationwide rehab 10,000 houses a year, at no cost to the homeowner, thanks to the work of thousands of skilled and unskilled volunteers and the support of national and local sponsors.

Rebuilding Together immediately committed to the project upon receipt of my application. An evaluation of our house was performed. Their staff and architect met with Ryan's medical team at NRH to thoroughly assess Ryan's needs.

The renovations were completed within four months. The work that was done by Rebuilding Together included: an elevator, the conversion of our first floor family room into Ryan's bedroom with an accessible bathroom, a new deck addition for his egress, a new separate central air and heating system for his bedroom, and an in-ground generator for emergency purposes and escape. The value of these renovations is estimated at \$150,000 which, thanks to Rebuilding Together, didn't cost our family anything. This project was not just about installing an elevator or renovating the bathroom or adding a new deck. It was a life changing experience. Without the modifications, Ryan would have been confined to the basement—apart from his family or dependent on his brothers and friends to carry him up and down the stairs.

The elevator and handicap accessibility renovations gave Ryan the freedom and the independence to move around his home and insured that he was an integral part of our home and our family.

If these services had not been provided by Rebuilding Together, over 725 veterans and their family members would not have the quality of life they now enjoy since VA does not fully accommodate all of their needs through its grant programs. Sometimes that is because the veteran is unaware of the benefit, ineligible, or it's simply not enough as in our case. Ryan's dream to come home could not have been fulfilled without the generosity of many other members in our community.

In 2008, Ryan received an IBOT wheelchair from the Independence Fund. This chair can climb stairs and rises in the air raising the seat height. Ryan's IBOT gives him the ability to reach upper kitchen cabinets in our home and allows him to visit friends where climbing stairs is necessary to enter their home. Independence Fund is a small nonprofit that was established in 2004. Independence Fund has donated twenty IBOTs to wounded soldiers and veterans totaling \$500,000. Again, the VA did not have the ability to provide Ryan with this level of specialized equipment.

In August 2009, Ryan received Theodore from Paws for Liberty. Theodore is a three year old Belgian Shepherd and has truly made the biggest impact on Ryan's independence. Theodore helps Ryan with retrieving dropped items, helps him navigate crowded areas, and helps relieve and mitigate his PTSD symptoms. Once Theodore came home with Ryan, Ryan no longer required someone at his bedside so that he could sleep. Paws for Liberty is a five year old organization based out of Lake Worth, Florida. They have donated four service dogs to veterans and six service dogs to individuals with disabilities. These dogs cost on average of \$15,000-\$20,000 to train. Again, a resource not offered to Ryan by the VA.

I am reminded of the ancient African proverb, "It takes a village to raise a child" because, "It takes a community to bring a soldier home". Thanks to all of the support that we have received, Ryan is embracing his challenges, and is moving forward with his life. He has completed both the New York Marathon and the Boston Marathon on a hand crank bicycle, skied in Aspen, Colorado, kayaked on the Colorado River, and is driving his own car. He began attending college this semester pursuing a degree in Business Administration with the assistance of Sentinels of Freedom, a nonprofit organization.

I have had to reach outside the system and rely on the nonprofit community for assistance throughout this ordeal. This support should have been provided by the government. It is because of the nonprofits that have provided Ryan with the resources for him to live at home with his family, take charge of his own care, and allow him to feel safe and sleep at night. In light of this, there should be better collaboration between the Department of Defense, VA and nonprofit organizations.

Unlike many other soldiers transitioning out of the military, Ryan's transition into the VA system went smoothly. I credit this success to Ryan's Federal Recovery Coordinator. She laid the groundwork in planning Ryan's transition into the VA a year in advance by beginning the communication between Walter Reed and the Baltimore VA. Ryan's medical board process with the VA was a simple process. All of the VA staff that dealt with Ryan's medical board and disability rating provided outstanding services. I could not have asked for a more straightforward process. However, in hindsight, now that Ryan is enrolled in college, I wish that a vocational rehabilitation assessment was mandatory as part of his disability evaluation process before he separated from the Army. This would have provided vital information on his aptitude and functioning and would have informed his college course choices. He has still not had a VA Vocational Rehabilitation and Employment assessment.

The one item that I feel has been overlooked in the VA Disability Rating is the disability's impact on a veteran's quality of life. And based on its impact, a corresponding dollar value should be assigned and paid to the veteran as part of the monthly disability compensation as a special monthly compensation.

From the moment that Ryan was injured, his clothes required alterations due to surgeries, arm and hand splints, bilateral lower extremity amputations and the use of medical creams and ointment frequently soiled and ruined clothes. The clothing allowance available to veterans is not permitted under the law to active duty servicemembers with the same injuries or conditions. This benefit should be treated equally with the other benefits available to active duty wounded warriors, such as the auto and housing allowances.

Our journey has been fraught with various obstacles that serve as barriers to access to quality care. Navigating the complex maze of treatment options and benefits is a job in and of itself. But, we remain determined that Ryan receives the quality care that he was promised when he enlisted to serve in the United States Army should he become injured. Advocating for this quality medical care and the coordination of services has been my mission. But this level of care and advocacy comes at

a price. The cost has been my family's financial security. As a result of caring for my Ryan, and the emotional toll it has taken on our family, I had to leave my job to provide the necessary level of medical care and advocacy that my son required. This led to a significant financial hardship for our family because of my living on credit cards and a home equity line of credit, which have all been exhausted. When I gave up my job, I also gave up my health insurance that covered me and my minor child, shifting that additional monthly expenditure to my out of pocket expenses. Families should not have to sacrifice and bear the burden of advocacy, and compromise their own financial stability and wellness to ensure that their soldiers receive the appropriate and necessary services from the government.

I recognize that progress has been made in the caring of our injured soldiers. We still have a ways to go.

Recommendations in Moving Forward

Here are the things that I would recommend to improve the lives of wounded warriors and veterans:

1. Increase the amount of VA Housing Grants and the establishment of a competitive fund for national housing organizations to compete for housing dollars to better enable them to provide housing modifications for veterans.
2. VA Service Dogs are made available to veterans with service connected disabilities to include challenges with mobility and mental health issues as are done with Guide Dogs.
3. Increase in the VA Automobile Grant.
4. Increase in the number of authorized electric wheelchairs based on changing needs and a program for veterans to return wheelchairs that no longer meet their needs.
5. Vocational Rehabilitation Assessments are made mandatory during the Disability Evaluation System process before a veteran with service connected disabilities separates from the military.
6. Authorize a clothing allowance that is available for veterans to be available to servicemembers with similar injuries and conditions.

As a mother, here are the things that I would recommend that would have made my life easier if they were in place:

1. Health insurance allowance for my minor son and me; and
2. Non-medical attendant allowance that is provided by DoD to caregivers of veterans that receive medical care greater than fifty miles from their residence. Since I lived within the fifty mile radius, I didn't qualify for the DoD benefit, but VA could have filled the gap.

As an observer with a window seat, here are my recommendations for the providers of care:

1. Improved communication between all of the providers regardless if VA, DoD or private;
2. Better collaboration between all of the medical policy leaders, both in the government and civilian population. Allow private providers and facilities to fill in the gaps when a VA facility is not in the veteran's community. Additionally, the sharing of best practices between all medical providers would improve the medical care provided to both the military and civilian populations; and
3. Require a multidisciplinary medical team approach in providing care in military and VA hospitals to include the Pain Team and Infectious Disease specialty.

Ryan loved being in the Army until the day he separated on May 20, 2010. He loves the military. He never quit. He never once complained about getting hurt. The men in his Unit never quit. The medical teams that saved him in theater never quit. I ask this Congress to not only honor this country's solemn oath to care for our veterans, but I urge you to work towards the United States being proactive in making funding available for our wounded soldiers and veterans. If the United States can set aside funds for an unexpected oil spill, surely America can put aside monies at the time a war is authorized, to take care of our military that continues to take care of us preserving our freedoms. We owe a tremendous debt to our veterans for their services and sacrifices. It is our social, moral, and ethical responsibility to provide them with the appropriate resources, and the tools and support that are necessary for them to live longer, fuller, and healthier lives.

Now that the Caregiver Bill has been signed by the President, I would like to know how it would address the concerns that I have shared on the record. Will the VA pay retroactive compensation to caregivers of OEF/OIF veterans? If so, will there be a lump sum payment to these caregivers?

If the nonprofit organizations had not provided assistance, would it have been acceptable to the government for my son to have been placed in a nursing home? Would it have been acceptable to the government for my son to have lived isolated in a basement because he didn't have a means to be transported to the main areas of the house? Would it have been acceptable for my son to require sleep medications or someone in his room nightly for him to sleep? Is this what the government considers to be the cost of the war?

Ryan couldn't be here today because he is attending classes. Therefore, I included a picture of him and his service dog, Theodore.

Again, thank you Mr. Chairman for the opportunity to share my personal experience in accessing care and resources within the Department of Defense and the Department of Veterans Affairs.



(Courtesy of b free daily)

Prepared Statement of Corey Gibson, Terre Haute, IN (Veteran)

Good Morning. My name is Corey Gibson and I am a combat veteran from the Operation Iraqi Freedom Campaign.

I am here before you today as a collective voice for veterans nationwide. Where this may be my individualized account, the issues and concerns within my time with you are pervasive. You all trained me how to fight, how not to turn in the face of an enemy, and how to watch out for the better interest of my brothers and sisters in arms.

Regardless of my daily struggles with PTSD, TBI, and other diagnosis, don't think that the training I received calls for me to stop fighting now.

On September 23rd, Michelle Obama stated that veterans and spouses need support by local employers everywhere. I am sorry we can't get Stephen Colbert here to help highlight problems with veteran's health care and benefits. Could we send him into combat where he will be forced to make the decision of kill or be killed in defense of his country only to come back to a life of physical and mental disabilities so that we can have his input? A constant struggle affecting him daily for the rest of his life where life is never as he has known it before? He stated he likes to help people who don't have any power but are needed by the American people and I think that is exactly what many of us veterans feel that we are. Where is our celebrity?

I was honorably discharged in October 2004 after being part of the initial surge into Iraq as a triage medic for the 555th Forward Surgical Team. I was exposed to things on a daily basis that will haunt my memories until my dying day. I am proud of the opportunity I had to defend my country but only those who went before me, after me, and stood beside me could possibly understand what that means.

Truthfully, I should be a statistic, one of the many faceless veterans who are homeless or worse. I tried to integrate myself into the VA system because I wanted to try to utilize my benefits, but also to try to help create a positive re-integration process at my local VA for those who were bound to follow me. I had voiced complaints about back, neck, and shoulder issues that the Army did not investigate further. My complaints fell on deaf ears as it took me 6 years to get the MRI and have the spinal issues that I have documented in my records.

I have had my personal information potentially leaked on a laptop that went missing from the VA and received an "OOPS" letter from the VA. I have been made aware after an endoscopy procedure that I may have to come back in for blood tests for Hepatitis C or HIV because of improper equipment sterilization within the VA. If any of these things happened in ANY other health care facility, I would be sitting here a wealthy man and there would be many out of jobs due to negligence.

The rate of veterans committing suicide is astronomical. Statistics have shown that last year more than 125 veterans from the OIF/OEF conflicts committed suicide every week. We have lost more soldiers here at home than in country engaged in combat. Mental health services are paramount for our returning combatants. My interview upon returning from Iraq to decipher whether I needed mental health services or not was to be marched into a gym separated from my family by a piece of glass and asked if I wanted to see my family or do I feel I need to talk to someone about my feelings at this time.

Within the VA system, an individual veteran's appeal for benefits can take up to 5 years. A re-evaluation after a rating has already been established comes every 3 years. Why is it that it seems the system is more proactive in taking things away from veterans than reaching those in need? It's not just the people who serve but it is the collateral damage destroying the lives of our loved ones who watch us struggle on a day-to-day basis and our inability to maintain relationships with those people because we have unaddressed issues.

My fiancé and I have discussed that if we had a child before we got married she would get more benefits toward her education than if she were JUST a spouse of a disabled veteran. Organizations such as Veterans of Modern Warfare, Vets 4 Vets, and The Coming Home Project are stepping up to fill the void of the VA shortcomings. Should they have to do this? On the tablet that Lady Liberty holds there is a sonnet and that sonnet ends with:

"Give me your tired, your poor,
Your huddled masses yearning to breathe free,
The wretched refuse of your teeming shore.
Send these, the homeless, tempest-tost to me,
I lift my lamp beside the golden door!"

Why is that we veterans are outside that golden door standing under overpasses begging for a few pieces of copper.

I couldn't be prouder to call myself a veteran of the United States Military that joins me with a collective that's made up of some of the best our Nation has to offer. The ultimate fear for me and several of my veteran friends is that you have invited a veteran in to speak his compelling story and shine a light on the truth and it be dismissed. I am not here to simply complain but I am here to point out fallacies that are within the VA system, but it is ultimately up to you to take an action to fix this ongoing problem.

I will end with this quick story. On my deployment in the heat of battle we took the most severely wounded as a life saving measure. One of those was a Marine who came to us with his entire leg from the hip down looking like hamburger. I remember his words to me as he pleaded "Doc, do whatever you have to do, tie a stick to it if you have to, but get me back into the fight because my guys need me." How dare we offer this population anything less than our best? So I ask you to please do something.

**Prepared Statement of Lieutenant Colonel Donna R.
Van Derveer, USA (Ret.), Ashville, AL, (Veteran)**

Good morning Ladies and Gentlemen and Distinguished Committee Members. My name is LTC Donna R. Van Derveer, (Ret.), and I am originally from Washington, DC, but currently reside in Ashville, AL.

I am honored to say I've served 29 years in the Army and Army Reserve as a Military Police Officer, and served my country with great pride and distinction. I served in Iraq as the Antiterrorism/Force Protection Chief for Multi-National Corps—Iraq from August 2004 through January 2005. During my tour, I faced numerous rocket attacks and barely escaped with my life after a small arms round came through my trailer.

Upon returning from Iraq, I experienced increasing issues with sleep disturbance, nightmares, depression, memory loss, irritation, anger, and an inability to concentrate and multi-task. I knew that I had a serious problem, but feared that my security clearance and career would be impacted, by seeking help. I did receive surgery on my right knee that I injured in Iraq.

In 2006, I served as an Action Officer for J8-PAD, Joint Staff, Pentagon. During this tour, I eventually sought help through DSM. Even with counseling, I was unable to manage my stress and give 100 percent to my position. I requested Early Release from my tour.

After delay and denial of medical treatment, abusive counseling sessions, being relieved of duty, suspension of my security clearance and a four-day stay in Ward 54 at WRAMC as a civilian in non-duty status, I finally received help. On September 27, 2007, I was put on MRP2 orders and attached to the Warrior Transition Brigade at Walter Reed.

The 2 years and 4 months spent at Walter Reed was no less challenging than what I had already faced. The issue of improper diagnosis impacted my care. My psychiatrist placed an erroneous entry in my medical records, causing a delay of proper care for PTSD for over a year. This error impacted my Medical Evaluation Board/Physical Evaluation Board (MEB/PEB), thereby reflecting PTSD as "Existed Prior to Service." I was forced to prove my service and incident that occurred in Iraq, since females are considered Non-Combatants even in a combat zone.

The MEB/PEB process was excruciating for me. From my experience, I see the purpose of the DES Pilot Program is to expedite the process to save the Army money rather than provide for the soldiers disability compensation and wellbeing.

I received 50 percent disability from the Army for PTSD and 90 percent from the VA for PTSD and various other conditions. The Army determined that I overcame Presumption of Fitness for PTSD and nothing else, even though weeks earlier the PEB found that I should receive 80-percent disability, and was forwarded for processing.

As a veteran, receiving care through the VA, I have not seen a psychiatrist since I retired. I see a psychologist once a month versus seeing a caregiver at Walter Reed once or twice a week. In my eyes, this is minimal care. I was told that this is due to staffing. I was given the option to travel 65 miles one-way for additional behavioral health care. This is unrealistic for me as well as other veterans.

The lack of behavioral health care should be of great concern. Those vets placed on the Temporary Disability Retirement List are required Re-evaluations. My initial re-eval was to be in July 2010. On September 7, 2010, I was informed that Fort Benning was backlogged due to the psychiatrist leaving, that my re-eval would be delayed for another 8 months. Putting veterans lives on hold and extending the transition process is unfair and unjust treatment.

In summary, the transition process lacks concern for the soldier/veteran from the individual unit through the MEB/PEB process to the care provided by the VA. Behavioral health care, proper diagnosis and need for more providers are significant issues for the Army, as well as the VA. The establishment of a Veterans Trust Fund to ensure these issues are not experienced by future generations of warriors due to fiscal constraints is imperative and should be a national priority.

Statement of Swords to Plowshares

Thank you Chairman Filner, Congressman Buyer, and the members of the House Veterans Affairs Committee for the opportunity to submit testimony on this important topic; The True Cost of War: The U.S. Conflicts in Iraq and Afghanistan.

Founded in 1974, Swords to Plowshares is a community-based not-for-profit organization that provides counseling and case management, employment and training, housing and legal assistance to homeless and low-income veterans in the San Fran-

cisco Bay Area. We promote and protect the rights of veterans through advocacy, public education, and partnerships with local, state and national entities.

The purpose of this testimony is to address the true and enduring costs of war as we see it from our perspective as community-based providers.

The cost of war goes well beyond bullets and boots. The true cost of caring for our veterans must be considered prior to their return from war or separation from active duty. The federal government externalizes the cost of war to local and state entities, the community-based continuum of care, non-profit agencies, and to the veterans and their families. We write to extend our strong support for the Veteran Benefit Trust Fund which will guarantee funding for our aging veterans, our recently returned veterans and our future veterans.

At Swords to Plowshares we have 35 years experience in picking up the pieces and pulling our Vietnam-era clients out of poverty, and chronic homelessness. We address mental health need and substance abuse stemming from their military service. We hope that we have learned lessons and may be proactive, prevent future homelessness and suffering by ensuring that this generation of combat veterans are afforded the honor, care and support they need for successful outcomes.

Swords to Plowshares and similar agencies across the country cover operational costs through a mosaic of federal, state, local and private dollars. We are the recipients of federal funding in order to deliver care in the community. However, we are chronically underfunded and must again and again demonstrate the dire need for care "on the ground" in order to operate programs. Quite frankly, we and many other VSOs are at capacity, our staff is working miracles with limited resources to ensure that the veterans in our community receive the care they need. Federal resources are insufficient. The true cost of war must be subsidized by individual donors, foundations, and localities. At the same time, state and local coffers are shrinking while we on the ground respond to the flood of new veterans returning from war and an aging population of veterans.

We are extremely appreciative of the support we receive through Department of Veterans Affairs and our partnership with the VA and their case managers, social workers and medical professionals in our community. We hope to ensure that the cost of this care is not reactive, but planned for well in advance so that each and every veteran have the access to health care, housing, employment opportunities and benefits they have earned in service.

